



Daily Report

East Asia

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Japan

Okinawa Groups Protest U.S. Military Exercise

OW2508120492 Naha RYUKYU SHIMPO in Japanese
25 Aug 92 Evening Edition p 7

[Text] U.S. Marine Corps on Okinawa began a three-day live-fire training across highway 104 today. The training, the ninth this year, is scheduled to last till 27 August.

The training began with firing the first ammunition at 0837. It was raining in Kin town where the training area is located and the impact areas on Mt. Onna were dimly seen in the rain.

According to the U.S. Forces, the training will be conducted for three days by using six gun platforms—which are 301, 302, 303, 311, 312, and 313 platform—from which 155 mm shells will be fired.

Opposing this training, the Prefectural People's Council To Defend the Constitution and To Oppose the Security Pact and the United Action Liaison Council To Defend Livelihood and Democracy held protest rallies separately in Kin town on the morning of 25 August and expressed their strong opposition to the U.S. military training.

Improved Business Environment Asked of Russia

OW2508123392 Tokyo KYODO in English 1208 GMT
25 Aug 92

[Text] Tokyo, Aug. 25 KYODO—International Trade and Industry Minister Kozo Watanabe on Tuesday called on Russia to improve its business environment in order to expand trade between the two nations, ministry officials said.

Watanabe made the request in a meeting with Yuriy Petrov, Russian President Boris Yeltsin's chief of staff, who is in Tokyo to lay the groundwork for Yeltsin's planned September 13-16 visit, the officials said.

When making the call, Watanabe cited problems such as delays in payment and the freezing of some foreign currency deposits, they said.

Petrov was quoted as telling Watanabe that Moscow cannot afford even to pay interest on loans because all debts held by the former Soviet Union are now falling on his republic.

In explaining Russia's plight, he stressed the need for time to solve the problems, the officials said.

Watanabe also asked Russia for a quick decision on who should take charge of signing a basic agreement with Sakhalin Oil Development Cooperation Co. on the development of petroleum off Sakhalin, they said.

Yeltsin's Decision on Northern Islands Urged

OW2608124892 Tokyo NHK General Television
Network in Japanese 1000 GMT 26 Aug 92

[From the "NHK News" program]

[Text] Referring to the northern territories issue, a Foreign Ministry official said today that even if Russian President Boris Yeltsin decided to accept Japan's demands on the northern islands, his administration would not collapse. In this way, he stressed that the government would by all means seek its sovereignty over the four northern islands. The official made the remarks during his meeting with reporters.

While admitting that it is unlikely the issue will suddenly be settled, the official said that the only person who can make a decision on this issue is President Yeltsin. Although the situation in Russia seems to be very severe, the Yeltsin administration will not collapse even if President Yeltsin decides to accept Japan's assertion, he said. In this way, he indicated that Japan would by all means seek its sovereignty over the four islands. If significant progress is made in talks on the northern territories issue, Japan will begin extending full-scale economic assistance to Russia in a bid to support the Yeltsin administration, the official said.

Official Pessimistic on Results of Yeltsin Visit

OW2608121592 Tokyo KYODO in English 1142 GMT
26 Aug 92

[Text] Tokyo, Aug. 26 KYODO—Russian President Boris Yeltsin is unlikely to fulfill Japan's hopes for an early comprehensive territorial settlement during his mid-September visit, a top Foreign Ministry official said Wednesday.

"I don't see a sudden turn in the offing," the official told reporters.

On Tuesday, Yeltsin's chief of staff, Yuriy Petrov, told Prime Minister Kiichi Miyazawa that Russian public opinion cannot digest Japan's present demands so more time will be needed before a comprehensive settlement could be reached.

The Japanese official, who spoke on condition of anonymity, said Yeltsin is in a poor position to make significant concessions to Japan as conservative elements in Russia are on the offensive against him.

"The president's position is very tough," he said, echoing remarks made repeatedly by Petrov in his meetings with Japanese leaders.

But the official said Yeltsin's situation is not so tough that he risks falling from power by making a political decision on the territorial issue to satisfy Tokyo's call for Russian recognition of Japanese sovereignty over the four contested islands.

The islands off the northeast coast of Hokkaido were seized by the former Soviet Union at the end of World War II. Japan demands their return before it will agree to the conclusion of a bilateral peace treaty.

The official said that while a decision by Yeltsin that would satisfy Japan may bring him short-term troubles at home, it would eventually prove beneficial since it would remove restraints on Japan's extension of full-fledged economic assistance.

The official clarified Japan's opposition to an idea being floated recently in Russia that the dispute over the two larger islands, Kunashiri and Etorofu, could be referred to the International Court of Justice in The Hague.

"The correctness of Japan's position is already clear, so there's no need to refer the issue to the Court, where it could take who knows how many decades (to resolve)," he said.

Russia has already suggested it is willing to return the two smaller of the disputed islands, Shikotan and the Habomai, in line with the 1956 Japan-Soviet joint declaration.

Emperor Expresses Hopes on Relations With PRC

OW2508120292 Tokyo KYODO in English 1140 GMT 25 Aug 92

[Text] Tokyo, Aug. 25 KYODO—Emperor Akihito, currently staying at an imperial villa in Nasu, Tochigi Prefecture, said Tuesday that he will work to promote friendship between Japanese and Chinese peoples when he makes an historic visit to China this October.

The emperor made his remarks in a brief statement issued in response to a government decision endorse [as received] the visit, which will be the first time a Japanese emperor will travel to China.

The statement was made available to reporters in Tokyo through the emperor's chamberlain.

Earlier in the day, the government decided in a cabinet meeting that Emperor Akihito and Empress Michiko may visit China from October 23 through 28.

Dailies Welcome Emperor's Oct Visit to China

OW2608045092 Tokyo KYODO in English 0306 GMT 26 Aug 92

[Text] Tokyo, Aug. 26 KYODO—Most major Japanese national dailies on Wednesday [26 August] welcomed the cabinet's Tuesday announcement that Emperor Akihito and Empress Michiko will pay a six-day visit to China in late October.

The ASAHI SHIMBUN said the visit will put an end to an "unfortunate" period in bilateral relations and serve as a "starting point for a new era which opens the way toward the future."

"At a time when affairs in east Asia are experiencing a shakeup, particularly now that China and South Korea have established diplomatic relations, the promotion of good neighborly relations between the two is extremely important to Japan's national interest," the ASAHI said.

The paper acknowledged differences in the way each country is organized and the legacy of history, but said that while mindful of the lessons of history, the visit can for the first time make it possible for Japan to go beyond a "past" bequeathed by the prewar generation.

The ASAHI said that the emperor's choice of words in speeches to be delivered in China should draw on the Japan-China joint declaration made 20 years ago on the occasion of the restoration of bilateral diplomatic relations, and should also express the emperor's true feelings as well as those of the Japanese people.

"This visit is a golden opportunity to have them understand that thanks to democracy under the postwar Constitution, there has been a fundamental change from the prewar image (of the emperor system)," the ASAHI said.

The MAINICHI SHIMBUN said the very fact that the visit is to take place is of significance, and brings to a close one period in history.

The paper said it would be only natural for the emperor to make an apology for Japan's wartime aggression during his speeches, but noted that Japan should also let China know it does not approve of its human rights record and weapons exports.

"We hope that the emperor's visit will further strengthen bilateral relations and become an opportunity for building a new Sino-Japanese relationship in which both sides can speak honestly," the MAINICHI said.

The YOMIURI SHIMBUN said the government should ensure that the emperor's visit is not interpreted domestically and internationally as an acceptance of China's human rights record.

The paper also said that although the emperor himself was not involved in Japan's actions during the Sino-Japanese war or World War II, it would be natural for him to refer to past history and express a wish for a peaceful world during his visit.

The YOMIURI noted that the wording of the emperor's speech will be chosen by the cabinet, but stressed that "if balanced against previous expressions regarding the past, it is to be desired that it convey to the Chinese people the sentiments of the nation."

Under the headline, "Sino-Japanese relations begin a new era with emperor's visit," the NIHON KEIZAI SHIMBUN editorial said there is a danger other nations will interpret the visit as acceptance of China's human rights record or that Chinese diplomacy will make use of the visit.

"But despite this, one could take the view that the perception is strong among the nation that it is natural for the emperor to visit China," the NIHON KEIZAI said.

The paper said the emperor's references while in China to "an unfortunate period" will be "a major event" since they will signal an end to the past.

"The majority of the nation feels that role will probably be adequately fulfilled during the visit by the emperor, who is a symbol of the unity of the people," the paper said.

Meanwhile, the conservative SANKEI SHIMBUN said there is "still a distance to go before the achievement of a mature relationship which underlies a natural friendship" with China.

"Next, it is not possible to discuss the imperial visit without evaluating the current order under which the Chinese Communist Party dominates," the SANKEI said.

The paper noted that the leaders of advanced Western nations still avoid visiting China because its leadership has shown no remorse over the killings three years ago in Tiananmen Square.

"Certainly Japan has chosen to pursue friendly relations with China while transcending differences in system and values," the SANKEI said.

"But it is hard to think of this as an appropriate time for His Majesty to visit."

The Sankei said that while the emperor's speech should take account of the feelings of the victims of Japan's aggression against China, it should also avoid expressions which could give rise to feelings of contempt against the Japanese.

Akashi Suggests Election Without Khmer Rouge

OW2208060692 Tokyo KYODO in English 0528 GMT 22 Aug 92

[Text] Tokyo, Aug. 22 KYODO—The head of a United Nations peacekeeping mission in Cambodia said Saturday that a U.N.-sponsored election in Cambodia may be held as scheduled next May without the participation of the Khmer Rouge guerrilla faction.

Yasushi Akashi, head of the U.N. Transitional Authority in Cambodia (UNTAC), made the comment in an interview with KYODO News Service in Tokyo on Saturday.

He said that if the Khmer Rouge continues an intransigent posture and refuses to lay down its arms, it is possible that the election would be held with the participation of only three of the four parties.

If the Cambodian election is to be held with all four parties participating, the Khmer Rouge must agree to disarm itself by October at the latest, he said.

Akashi said U.N. Secretary General Butrus Butrus Ghali may refer to the possibility of a three-faction Cambodian

election when he delivers a report on the Cambodian situation to the Security Council in early September.

He said that some of the council's permanent members may support Butrus Ghali's report during meetings held to discuss it.

Akashi noted that three factions control nearly 80 percent of Cambodia's territory and population.

He indicated that the U.N. mission may set up check points along the Thai-Cambodian border to prevent the smuggling of supplies to the Khmer Rouge from Thailand.

Ten Police Officers To Join Mission to Cambodia

OW2508135492 Tokyo KYODO in English 1318 GMT 25 Aug 92

[Text] Tokyo, Aug. 25 KYODO—The National Police Agency (NPA) will send 10 police officers to Cambodia from August 31 to study a possible role for Japanese policemen in the United Nations-led peacekeeping operations there, NPA officials said Tuesday.

The group consists of officers ranked above the inspector-level—three NPA staff and seven prefectural police inspectors, the officials said.

They will stay in Cambodia for about a week to discuss with local civilian police headquarters the stationing and lodging of Japanese police prior to Japan's dispatch of peacekeepers as early as October, the officials said.

The NPA officials said language ability and cooperativeness were the main criteria for selecting the policemen.

Most of the 10 officers who had been selected have experience working overseas, and are aged between 28 and 45 years, they said.

Since late July, police headquarters nationwide have begun soliciting volunteers, below the inspector level, for joining Japan's peacekeeping corps.

The NPA will officially decide on the dispatch of policemen after a cabinet meeting on September 4 comes up with a plan which stipulates the conditions for the participation, the officials said.

The United Nations Transitional Authority in Cambodia has urged Japan to send 75 civilian police for activities such as assuring fairness in the registration of voters, starting in October, for next spring's general election, as well as for training local police and protecting refugees.

The NPA, however, has said the dispatch of Japanese policemen by October 1 is impossible because the conditions of the dispatch have not yet been finalized.

The full-scale dispatch is expected to be after October, NPA sources said.

LDP Official Favors Issuance of National Bonds*OW2508103092 Tokyo KYODO in English 1022 GMT
25 Aug 92*

[Text] Obihiro, Hokkaido Pref., Aug. 25 KYODO—Tamisuke Watanuki, secretary general of the ruling Liberal Democratic Party (LDP), said Tuesday issuing deficit-financing national bonds to offset revenue shortages should be considered.

Watanuki said in a lecture at an Obihiro hotel the government should consider the issuance of such bonds in the fiscal 1993 budget if it wants to stimulate the sluggish economy.

He criticized the Finance Ministry for refusing to issue the bonds, saying, "the ministry should give priority to ways of shaping the fiscal 1993 budget and currency policies."

Watanuki said he wants the ministry to make a proposal to the government on ways of improving the economy.

On Sunday [23 August], Foreign Minister Michio Watanabe, expressing concern over the economy, also said the government has no alternative but to issue national bonds.

Official Supports Ozawa's Tax Hike Proposal*OW2508123292 Tokyo KYODO in English 1206 GMT
25 Aug 92*

[Text] Tokyo, Aug. 25 KYODO—A ranking government official on Tuesday [25 August] supported a proposal put forward by Ichiro Ozawa, former secretary general of the ruling Liberal Democratic Party (LDP), calling for a hike in the consumption tax from the current 3 percent.

The official, who spoke on condition of anonymity, termed Ozawa's proposal "brave and conscientious," though he said the government cannot itself propose any raising of the consumption tax.

Ozawa said last week the consumption tax should be increased to offset proposed tax reductions being sought by the business community as part of pump-priming measures to be unveiled by the government on Friday [28 August].

The official said the present taxation system is flawed because it works well only in periods of economic boom, its drawback being an excessive dependency on direct taxes, which makes it susceptible to the ups and downs of the economy.

"During the bubble economy, growing corporate taxes made up for tax cuts, but the system cannot cover decreased tax revenues once the economy takes a downturn," he said.

He also opposed issues of deficit-financing government bonds as an alternative resource to cover the expected tax cuts.

"It would be irresponsible to talk about debt-financing bonds without thorough discussions about how to finance them and the length of their terms," he said.

Finance Ministry To Forgo Issuing NTT Shares*OW2508121092 Tokyo KYODO in English 1151 GMT
25 Aug 92*

[Text] Tokyo, Aug. 25 KYODO—The government will forgo sales of Nippon Telegraph and Telephone Corp. (NTT) shares for two years as part of the measures to support the stock market, Finance Minister Tsutomu Hata said Tuesday.

In a hastily arranged press conference, Hata said sales of NTT shares would inevitably exacerbate the already weak market conditions.

The Finance Ministry will suspend the planned sales of 500,000 NTT shares for this fiscal year and not resume sales in fiscal 1993, Hata said.

As the stock market has been on the skids since the start of 1990, with NTT stock crashing to one fifth of its peak level, the ministry has suspended the sales of the stock since fiscal 1989.

The NTT stock, which was put on the market in November 1986 following the privatization of the telecommunication monopoly in 1985, has been on a steady decline since it hit a record high of 3.18 million yen at the end of 1987. The stock careened to a record low of 458,000 yen August 12.

The ministry's decision not to sell the stock for two more years came three days before the Liberal Democratic Party (LDP) is due to announce its fiscal stimulus package to lift the economy and the stock market.

The government is scheduled to hold a meeting of economic ministers Friday [28 August] night and endorse the LDP's package, which will be announced in the morning.

The suspension of the sales of the NTT stock will be included in the package.

Despite the government's sales of NTT shares in 1986, 1987, and 1988, it still owns 10.2 million shares, or 65.7 percent of the total 15.6 million outstanding shares.

Nobuyuki Saji, a senior economist at Nikko Research Center, a research arm of Nikko Securities Co., said NTT stock has become "a symbol of the market's dim view on the government's economic policy."

Saji said the ministry's decision not to go ahead with sales of the stock will help stem the decline, at least temporarily.

The future outlook for NTT stock, however, is far from bright, he said, pointing to the market's assessment it is still priced too high.

Since NTT is not a growth stock but one of the issues on which investors focus more on dividends than capital gains, like stocks of electric power companies, it should carry a dividend yield of at least 2 percent to attract investors, he said.

The current yield of NTT stock, which closed at 615,000 yen Tuesday [25 August], is around 1 percent, Saji said.

"That means the NTT stock should fall to half of the current level in terms of attractive dividend yields," Saji said.

Also depressing the stock is the steady deterioration of the company's profits the past few years, and the bleak outlook for the future.

Amid the ever toughening business environment following the deregulation of the telecommunications market, NTT's pretax profit declined to 352.9 billion yen in the year ended in March from a peak of 496.7 billion yen in the year ended March 1988, and is projected to fall further to 267.0 billion yen in the current business year.

Finance Minister Hata admitted at Tuesday's news conference the ministry's decision to freeze the sales of NTT stock for two more years is also due to the company's not-so-bright profit outlook as it makes restructuring efforts.

He said the restructuring will start showing results in the coming fiscal year.

The government will keep a watch on the company's management efforts and business conditions, he said.

Hata said the ministry will decide on the sales of the NTT shares after March 1994 by taking the conditions in the market into account.

Asked about the government's plan to sell shares of other former government-owned companies, Japan Tobacco and Japan Railways, Hata said the government will continue to monitor the market situation and decide on the matter accordingly.

LDP To Draft 'Mammoth' Fiscal Stimulus Plan

*OW2508143092 Tokyo KYODO in English 1404 GMT
25 Aug 92*

[Text] Tokyo, Aug. 25 KYODO—The Liberal Democratic Party (LDP) will fashion a mammoth fiscal spending plan worth over 9 trillion yen this week to supply the thrust the enfeebled Japanese economy badly needs, sources with the ruling party said Tuesday [25 August].

The expected fiscal stimulus package will include 3 trillion yen to finance additional public works projects and over 1 trillion yen for projects sponsored by local governments, the sources said.

The recovery plan will also include 1 trillion yen for the purchase of land by local governments for future public works projects, the sources said.

But the LDP has decided that the government will not provide any financing to the proposed facility to buy land held by banks as collateral against bad loans, the sources said.

Instead, the package will call for tax incentives to financial institutions to stimulate write-offs of bad loans, they said.

"The financial institutions should make their own efforts first, before expecting any financial help from the government," said a senior LDP official.

Yoshiro Mori, chairman of the LDP's Policy Affairs Research Council and Shizuka Kamei, vice chairman, reported Tuesday on the draft plan of the package to Shin Kanemaru, LDP vice president, and obtained his approval, the sources said.

The party will announce the package Friday [28 August] morning and the government will endorse it at a meeting of economic ministers to be held Friday night, they said.

The spending plan, the largest ever of its kind, is designed to haul the economy out of its worst slowdown in nearly two decades and put the nation's ailing financial market back on its feet.

The 3 trillion yen additional public works spending will center on projects to improve the nation's infrastructure, like the construction of Shinkansen bullet trains, parks, and sewage systems.

Also in the fiscal spending list will be financing of public works projects by local governments, improvements in research facilities at universities, and expansion of loans by government financial institutions to small and medium-sized companies, with over 1 trillion yen to be earmarked for each of these projects.

Another 2 trillion yen will be promised for expansion of loans by Housing Loan Corp., a public housing finance company, and for the purchases of land by local governments to activate the dormant real estate market, the sources said.

The LDP will also propose 25 billion to 30 billion yen in tax credits to stimulate corporate capital investment toward energy saving and streamlining.

As steps to rev up the stock market, the package will contain a proposal that the government increase stock investments utilizing the capital in such public funds as postal insurance, postal savings, and employees pension funds.

It will also include a two-year freeze on government sales of Nippon Telegraph and Telephone stock and postpone of the plan to issue stock of Japan Railways, another former government-owned company.

"The stock market has hit bottom," said another senior LDP official.

"But it is a good idea to tap into public funds as a pump primer for the market," the official said.

The LDP believes the government will not need to issue deficit-covering bonds to finance the package.

Financing will be through increases in the issuance of construction bonds, use of funds in the fiscal investments and loans program and the budget surplus from the previous fiscal year, said the party official.

Deputy Prime Minister and Foreign Minister Michio Watanabe and LDP Secretary General Tamiaki Watanabe have called for the issuing of deficit-financing bonds for the financing of a large-scale spending plan.

But Finance Minister Tsutomu Hata made clear in a press conference Tuesday that the Ministry of Finance (MOF) is still dead set against such a move.

Hata also visited Kanemaru Tuesday and told him of the MOF stance toward the issue.

Kanemaru reportedly agreed with Hata and said, "there is no need at the moment to issue debt-financing bonds."

Labor Ministry FY 1993 Budget Request Approved

*OW2608045992 Tokyo KYODO in English 0225 GMT
26 Aug 92*

[Text] Tokyo, Aug. 26 KYODO—The Labor Ministry received approval Wednesday from the ruling Liberal Democratic Party for the ministry's 5,537.9 billion yen budget request for fiscal 1993, ministry officials said.

The request, which is 3.1 percent higher than the initial 1992 budget, includes 5,032.4 billion yen to be placed in a labor insurance special account and 489.2 billion yen for the general account in the fiscal year starting next April 1, the officials said.

Under the proposed budget, the ministry seeks to promote a reduction in working hours, employment of elderly workers to help deal with the aging of the population, and job skills training for foreign workers, they said.

The budget proposal includes 8.4 billion yen in subsidies to smaller enterprises and for other measures to promote shorter working hours. It also includes 167.7 billion yen to extend the compulsory retirement age for Japanese workers to 60 by fiscal 1993 and to promote continued employment of workers up to age 65, the officials said.

In addition, the proposal includes 3.1 billion yen to establish a training system for foreign workers and 1 billion yen to open employment agencies for those workers.

Central Bank Not Ready To Lower Discount Rate

*OW2608111992 Tokyo KYODO in English 0941 GMT
26 Aug 92*

[Text] Tokyo, Aug. 26 KYODO—On the eve of the long-awaited announcement of government measures to stimulate the economy, the Bank of Japan (BOJ) has

come under renewed pressure to nudge down the benchmark rate to augment the effects of the pump-priming package.

But the central bank, hoping that the recent recovery in stock prices will last, wants to keep a rate cut as an ace up its sleeve, sources said.

A news report last weekend fanned speculation in the Tokyo stock and money markets that the BOJ is set to reduce the official discount rate, probably by 0.5 percentage point from the current 3.25 percent per annum.

The rate cut, the talk goes, will be timed for Friday's release of the government package which is believed to be worth over 9 trillion yen.

Citing a spring-time rate reduction that was synchronized with the emergency economic package, a market analyst said, "the chances are high that the BOJ will cut the discount rate in a concerted move with the government's package."

BOJ Governor Yasushi Mieno has also helped create speculation by failing to rule out the possibility of further rate cuts when the BOJ last slashed the discount rate in July, and by displaying his "grave concern" over the stock market and economy in recent press conferences.

But the speculators' expectations may prove to be mere wishful thinking, the BOJ sources said, as many BOJ officials are having second thoughts about an immediate lowering of the benchmark rate.

A ranking BOJ official said, "the biggest worries over the economy are waning with the recent recovery of the stock market."

Heartened by the government's recent full commitment to shoring up the economy, the Tokyo stock market has been regaining steam over the past few sessions, with the yardstick Nikkei index comfortably floating above the 16,000 yen line.

The official also said the last rate cut in July was supposed to take place in the autumn, another reason for the bank's reluctance to implement a further cut.

The sources also said the BOJ remembers the bitterness it caused when Japanese consumers attacked its last rate cut for giving priority to rescuing financial institutions instead of helping people dependent upon interest rates.

The bank is also chastened by the memory of the "bubble" economy, which many believe stemmed from its extremely easy credit policy.

Another reduction will bring the key lending rate, which the BOJ charges on loans to commercial banks, within a whisker of the historic low of 2.5 percent during the heyday of the asset inflation boom.

In addition, they said, the bank wants to wait until an expected gathering in Washington in September of financial authorities of the Group of Seven (G-7) industrial nations,

where Japan is sure to be pressed to do more to revive the economy in order to arrest its resurging trade surplus.

Regardless, however, of the BOJ's intentions, the money market has already started to factor in the possibility of a rate cut.

The benchmark rate on three-month certificates of deposit (CDs) is moving at around 3.73 percent, lower than the level seen in 1987 when the official discount rate stood at an historic low.

"I wouldn't be surprised if the BOJ were to cut the rate tomorrow," a money broker said.

IBJ Announces Cut in Long-Term Credit Rate

OW2608050092 Tokyo KYODO in English 0313 GMT
26 Aug 92

[Text] Tokyo, Aug. 26 KYODO—The Industrial Bank of Japan (IBJ), one of the nation's three long-term credit banks, said Wednesday [26 August] it will cut its long-term prime rate by 0.4 percentage point to 5.7 percent, effective September 1.

The two other long-term credit banks—Nippon Credit Bank and the long-term credit Bank of Japan—are expected to follow suit.

The reduction follows a decision to lower the coupon on the September issue of five-year monthly debentures that the three banks rely on for funds.

The banks set the prime rate 0.9 percentage point higher than the coupon for the new monthly issue of five-year debentures.

With the long-term prime serving as a trend-setting rate, major commercial banks are to lower rates on housing loans from October 1.

The floating rate on housing loans will be cut to 5.7 percent per annum from the current 6.0 percent, while the fixed rate will be reduced to 6.60 percent from the current 6.78 percent.

Ministry To Trim Tax Grants to Local Government

OW2608084392 Tokyo KYODO in English 0806 GMT
26 Aug 92

[Text] Tokyo, Aug. 26 KYODO—The Home Affairs Ministry said Wednesday it will trim its fiscal 1993 requests for tax grants to local governments because of dwindling national tax revenues amid the protracted economic slump.

The 6.1 percent reduction from the previous year's budget requests for such grants marks the first cut in requests in 10 years, ministry officials said.

The ministry will seek a total of 17,373.96 billion yen for the year starting next April, including allocations of 17,257.82 billion yen for tax grants to local governments, they said.

In fiscal 1992's national budget, the Finance Ministry cut the requests for such tax grants by 1.3 percent, citing the sound fiscal conditions of many local governments compared with the central government's strained finances.

Those grants make up one of the three major budget categories, along with general operating expenditures and debt-servicing costs.

The Finance Ministry, whose actions on budget requests must be approved by the government and the Diet, is already studying cutting fiscal 1993 tax grants to local governments for the third consecutive year, the sources said.

They said the Home Affairs Ministry is seeking 44.84 billion yen for election costs and 71.29 billion yen in general operating expenditures, up 3.6 percent from its fiscal 1992 budgetary request.

The ministry also plans to float 9,453.9 billion yen worth in local government bonds in the next fiscal year, including 600 billion yen bonds for invigorating local regions, they said.

Nation's Industrial Output Falls in 2d Quarter

OW2608075492 Tokyo KYODO in English 0732 GMT
26 Aug 92

[Text] Tokyo, Aug. 26 KYODO—Production dropped in 10 out of 13 major industries in Japan in the second quarter of 1992 from a year earlier, due to the slowdown in the domestic economy, a government report said Wednesday.

The Ministry of International Trade and Industry said in the quarterly report on production in 13 major industries that output increased in only nonferrous metals, precision machinery, and the oil and coal manufacturing industries.

Output in those industries increased thanks to active demand in electronic and telecommunications sectors for electric wires and optical fibers for communications cables.

But the ministry said such increases cannot be described as a sign of substantial recovery of the economy.

Crude Oil Imports Increase 8.4 Percent Over 1991

OW2608075392 Tokyo KYODO in English 0657 GMT
26 Aug 92

[Text] Tokyo, Aug. 26 KYODO—Japan's crude oils imports rose 8.4 percent in July from a year earlier to 128.95 million barrels, the Ministry of International Trade and Industry said Wednesday.

Imports were up 18.9 percent from June, according to the ministry's monthly preliminary report.

The United Arab Emirates remained the biggest supplier of crude in July for the fourth straight month, followed by Saudi Arabia and Iran. Middle East nations together supplied 72.1 percent of Japan's crude oil imports.

The amount of crude processed in July increased 8.8 percent from a year earlier to 114.54 million barrels, marking the ninth consecutive year-on-year monthly rise.

Fuel oil output in July rose for the 10th successive month, up 9.0 percent from a year before to 106.80 million barrels.

Production of transportation-related oil, such as gasoline, gas oil, and type A fuel oil hit records in July. The ministry attributed the rise in those oils to an increase in the total number of vehicles on roads, despite a drop in the number of vehicles newly registered in the month.

Output of kerosene posted a year-on-year increase for the second straight month, rising 34.9 percent.

Fuel oil imports in July declined from a year earlier for the fifth month in a row, falling 5.7 percent to 18.81 million barrels.

Domestic fuel oil sales rose 3.3 percent to 113.09 million barrels, marking the ninth consecutive month of year-on-year increases.

Sales of gasoline, gas oil, and type A fuel oil in Japan hit records in July. Those of kerosene rose 9.4 percent from a year earlier due partly to lower temperatures in the month compared with July last year, the ministry said.

North Korea

Editorial on U.S.-Pyongyang Relations Noted

042508192892 Tokyo KYODO in English 0954 GMT
25 Aug 92

[Text] Beijing, Aug. 25 KYODO—North Korea said Tuesday that Asian peace can only be realized if U.S.-North Korean relations are improved. China's official XINHUA NEWS AGENCY reported from Pyongyang.

The claim came in an editorial which appeared in the ruling Korean Workers Party official newspaper, NODONG SINMUN, XINHUA said.

The editorial said the Korean peninsula is very important to Asian peace from both a geographic and historical viewpoint.

And Korea's continued division is a vital cause of instability in Asia, it said.

The problem will only be solved if North and South Korea adhere to their reconciliation agreement signed in December and Pyongyang and Washington improve ties, it said.

The editorial came less than a day after China and South Korea established full diplomatic relations, delivering what many analysts see as a cruel body blow to North Korea.

Beijing has been quick to appease Pyongyang by stressing the need for better North Korea-U.S. ties.

Chinese Communist Party chief Jiang Zemin said Tuesday that China wants to see Washington and Pyongyang "quickly improve relations."

Jiang made the remark during a meeting with visiting Japanese Social Democratic Party Chairman Makoto Tanabe.

Jiang also called for similar progress in Japanese-North Korean relations.

The XINHUA report makes no mention of the editorial having addressed this issue.

Japan-North Korea talks toward normalizing ties have been stalled since the two nations held talks in May in Beijing.

The editorial said the U.S. is a country which bears direct responsibility for tension on the Korean peninsula and for the division itself.

Washington should now help bring about peaceful reunification, it said.

Military Subcommittee Talks Results Reported

SR2608110592 Pyongyang KCNA in English
1044 GMT 26 Aug 92

[Text] Panmunjom, August 26 (KCNA)—The seventh meeting of the Military Subcommittee of the North-South high-level talks was held in camera in the South side's portion of Panmunjom today.

The chairman of the North side gave a news briefing after the meeting.

According to him, the North side clarified its principled stand for bringing about a turning point in the discussion of the annexed agreement.

It is, firstly, that neither side must on any account go back on its words to produce an annexed agreement on nonaggression to the nation, secondly, that the wrong intention to degenerate the annexed agreement on nonaggression must be renounced, thirdly, that no complexity and difficulty must be created in the discussion of the annexed agreement with an argument for "practicality" and "concreteness," and fourthly, that such acts against dialogue as "nuclear" fuss and "Focus Lens" military exercises must be promptly stopped.

A unanimity of views was reached in principle on the titles of the chapters thanks to the sincere efforts of the North side to work out the annexed agreement on nonaggression before September 1 at any cost, but the

deadlock could not be broken in the basic provisions on the observance of nonaggression owing to the insincere stand of the South side.

The North side said it became further convinced in the course of the meeting that the South side lacked practical will to honestly implement the North-South agreement to which it committed itself before the whole nation. It made it clear that the South side clinging to a delaying tactics inside and outside the conference room was entirely to blame for the failure to work out the annexed agreement on nonaggression before September 1.

The subcommittee meeting was followed by a discussion on working matters between the chairmen of the sides.

The sides agreed to have the eighth meeting of the Military Subcommittee on September 5.

Living, Struggling in 'Our Own Style' Urged

SK2608062192 Pyongyang Korean Central
Broadcasting Network in Korean 1000 GMT 25 Aug 92

["Unattributed talk": "Living and Struggling in Our Own Style Is an Important Requirement for Maintaining National Dignity and Honor"]

[Text] Our people are glorifying national dignity and honor and victoriously advancing the socialist cause without being shaken by the vicious antisocialist, antirepublic maneuvers by the imperialists and reactionaries. This is because our party and people have persistently adhered to and thoroughly implemented the strategic policy of living and struggling in our own style.

The dear leader Comrade Kim Chong-il has pointed out: Let us live in our own style! Our party presents this strategic slogan to an important degree.

Living in our own style means thinking and acting sanely as required by the *chuche* idea and solving all the problems with our own strength in compliance with the interests of our revolution and our people. Our party's strategic policy on living and struggling in our own style is a creative policy. Its ideological basis is the immortal *chuche* idea. It is a revolutionary policy that fully embodies independent and creative policies. We must consistently adhere to this policy in revolution and construction.

When the country and the nation live and struggle in our own style sanely as the *chuche* idea requires, they can successfully solve all the problems in compliance with the prevailing circumstances and maintain and glorify national dignity and honor without being shaken by any wind.

Living and struggling in our own style enables us to maintain national dignity and honor. This is primarily because by so doing, we can assume control of and cultivate the nation's destiny.

National dignity and honor can be maintained and glorified not by such factors as the size of a country's territory and population, its long history, and its culture

and tradition: It is maintained and glorified when this country's people become the masters of their own destiny. When a nation entrusts its destiny to other people, it cannot live as it wishes; therefore, it cannot talk about national dignity and honor. Only when a nation firmly assumes its position as the master of its own destiny, can it maintain and glorify its dignity and honor.

Our party's strategic policy on living and struggling in our own style enables us to take control of our own destiny, exercise our right as masters, and fulfill our responsibility as masters.

A nation's destiny is determined to an important degree by how it exercises its right. A nation is entitled to solve all the problems concerning its destiny independently in compliance with its own interests. A nation that exercises such independent rights with dignity becomes a dignified nation that enjoys its rights as the master of its own destiny. A nation deprived of its right of self-determination is swayed by other people's opinions or pressures and is a miserable nation without dignity.

If a nation lives and struggles in its own style, it can independently solve all problems concerning its destiny in compliance with interests of its people. In this way, it can maintain its dignity and honor. However, a nation that cannot live according to its own style tends to yield to external pressures. In this way, national dignity is crumpled.

If a nation lives and struggles according to its own style, it will have national prosperity and development. National prosperity and development play an important role in maintaining national dignity and honor. A nation that fails to achieve prosperity and development tends to look to and rely on other people, and then it tends to lose its dignity. In particular, achieving national prosperity and development is very important in relation to today's imperialists' maneuvers.

The imperialists are not only perpetrating all kinds of maneuvers in a bid to dominate countries that are economically and culturally backward under the signboard of assistance and cooperation, but are also accelerating the aggression against and plunder of backward countries through the old international economic order that they have established. As a result, the system of the rich-get-richer and the poor-get-poorer is being more prevalent in international relations.

As long as imperialism exists, dominating and enslaving others, backward and weak countries and nations exploited by the imperialists are destined to be enslaved by them. In order to avoid being exploited and enslaved, it is imperative to achieve national grandeur and prosperity. In order to achieve this, it is imperative to live and struggle according to one's own style.

Living and struggling according to one's own style sanely is an important guarantee that makes national grandeur and prosperity possible. Living and struggling according to one's own style sanely is the embodiment of the revolutionary principle of self-reliance and makes it

possible for each nation to solve all problems arising in the revolution and construction in conformity with the specific situation and interests of its nation and, thus, to achieve its national grandeur and prosperity.

All countries and nations have the mental, material, and cultural assets with which they can achieve their own national grandeur and prosperity. However, the problem is that their national grandeur and prosperity rest with how they can achieve self-reliance sanely.

Those people who solve all problems in their own style sanely, relying on their own creativity, can build a self-reliant national economy which advances independently without being subjugated to others in their economic construction and can consequently achieve national grandeur and prosperity. Thus, they can defend their national dignity and honor.

Living and struggling in our own way style makes it possible to exercise complete sovereignty and equality in external relations and, thus, to defend national dignity and honor. Exercising sovereignty and equality is each nation's sacred right. All nations are the masters of their destiny and have the sacred right to pioneer their own destiny by themselves. There are big political parties and small political parties, big countries and small countries, and developed nations and less developed nations. However, all political parties, countries, and nations are equal and independent.

Living according to one's own style sanely makes it possible to settle all problems arising in external relations independently, based on one's own judgment and determination, and, thus, to defend one's national dignity and honor by exercising one's national sovereignty and equality in external relations.

Thus, our party's strategic policy on living according to our own style is a revolutionary policy which has embodied the great *chuche* idea and is the important guarantee and the militant banner that enable us to defend our nation's dignity and honor.

The proud course on which our people have traveled under the wise leadership of the party and the leader vividly proves that the party's strategic policy on living according to our own style is precisely the militant banner making it possible to advance the revolution and construction victoriously and to defend our nation's dignity and honor. The revolutionary duty and the prevailing situation facing us today urgently demand that the party's slogan on living and struggling in our own style be more thoroughly embodied.

The imperialists and reactionaries are tenaciously scheming to sling mud at the socialism of our own style, which is advancing victoriously. The mightiest weapon for resolutely defending our nation's dignity and honor and smashing the counterrevolutionary offensive by the imperialists and reactionaries who oppose our socialist system is the party's strategic slogan on living according to our own style.

All of our party members and the working people should make the strategic policy on living according to our own style set forth by the dear leader Comrade Kim Chong-il their firm faith and will and should thoroughly embody the policy in all fields of the revolution and construction. Thus, they should smash the antisocialist maneuvers by the imperialists and reactionaries and should glorify the nation's dignity and honor eternally.

'Strife' Between Chongwadae, DLP Viewed

*SK2608070092 Pyongyang KCNA in English
0511 GMT 26 Aug 92*

[*"Family Quarrel Portends Ruin"—KCNA headline*]

[Text] Pyongyang, August 26 (KCNA)—A news analyst of NODONG SINMUN today comments on the internal strife between "Chongwadae" and the "Democratic Liberal Party" (DLP) over the license for the second mobile telephone business, a scandal now called in South Korea "the biggest irregularity of the Sixth Republic," "a special favor granted in the last days of the Sixth Republic."

Pushing aside other groups which have firms engaged in the production of communication facilities, the present South Korean ruler awarded the license for the mobile phone business scaled at 3,000,000 million won to the Sunkyong Group whose chairman is a relation of his by marriage all of a sudden when his term was to expire just a few months later. Now this is causing a big stir in South Korean society.

By granting the special favor to his in-law during his tenure the present ruler intended to help him build a big fortune and he himself to take a share from it, the news analyst says, and goes on:

The "DLP" now resembles a family in-mourning. It has been divided following the breakaway of Yi Chong-chan and others, and was hit hard by the mobile phone business scandal that broke out this time, coupled with a series of scandals uncovered in recent years, such as the Suso housing scandal, the bribery case involving the political training centre of the "DLP" and the land scam involving the "intelligence command."

Kim Yong-sam, the "DLP's candidate," to protect himself, openly complained to the present ruler, fearing that he may incur a loss in the forthcoming "presidential elections," the analyst says, adding:

A domestic quarrel portends ruin. The "DLP" whose corruption has gone beyond control, hit hard within and without, can never last long.

South Korea

Further Media Reaction to NAFTA Agreement

SK2608051392

[Editorial Report] Seoul CHOSON ILBO in Korean on 20 August carries on page 10 a report on the effect of the

North American Free Trade Agreement, NAFTA, on the Kumi industrial complex in North Kyongsang Province, which depends heavily on exports of its electronics products to the United States. An official said that "34 percent of the electronics products and seven percent of yarn products are exported to North America." Although the ROK is somewhat less dependent on North America for its textiles, officials are worried about more competition from China and Southeast Asia.

Seoul MAEIL KYONGJE SINMUN in Korean on 22 August carries on page 3 an editorial entitled "Principle of Give-and-Take Should Be Applied to Formation of Economic Blocs—Increasing Investment in NAFTA and EC Is Also Urgent."

The editorial says that NAFTA is likely to initiate considerable change in the international economic order. This will provide an opportunity to pursue ideas on "establishing an Asian free trade zone and the East Asian economic cooperation body being pushed by ASEAN." Japan, "as the greatest victim of NAFTA in Asia," is particularly expected to do something about it.

With the elimination of tariffs among the three North American countries, Mexico will emerge as the most direct competitor to South Korea. Thus, government and businesses should make these preparations for this event:

1. Businesses should be made to understand the nature of regional economic blocs.
2. The ROK should try to abolish trade barriers for the items in which it is in direct competition.
3. The ROK should make "bold investments" in North America.
4. The government should sign—with Mexico first—an agreement guaranteeing investment, an agreement to prevent double taxation, and an agreement on the treatment of workers.

The editorial concludes by saying that the government should augment the content and process of the ongoing negotiations in the ROK-U.S. presidential economic consultative body. In order not to lose the U.S. market, the ROK should quickly solve the most important problems that are sources of friction: quotas, antidumping investigations, protection of technology, government restrictions, and investment restrictions.

DPRK Editorial on Ties With U.S. Cited

SK2508223192 Seoul KBS-1 Radio Network in Korean
2100 GMT 25 Aug 92

[REUTER, KYODO, and YONHAP reports from Beijing]

[Text] There are reports that yesterday [25 August], one day after China established diplomatic relations with the ROK, North Korea proposed to the United States that they improve relations.

The Chinese News Agency XINHUA reported that North Korea's NODOING SINMUN noted the need to improve relations with the United States in an editorial on 25 August.

The NODONG SINMUN editorial also said that North Korea should put into practice the North-South peace agreement reached in December last year, that it should improve relations with the United States, and that the United States should help the reunification of Korea.

DPRK Said Promised To Abandon Nuclear Arms

SK2608071092 Seoul CHUNGANG ILBO in Korean
26 Aug 92 p 1

[By correspondent Chon Taek-won from Beijing]

[Text] A high-ranking diplomatic source in Beijing said on 25 August that just before the ROK and China established diplomatic relations, North Korea promised China that it would abandon its nuclear development program. In explaining the background of the establishment of diplomatic relations between the ROK and China, this source in the diplomatic circles in Beijing also said that China guaranteed North Korea the continued existence of its system, that China asked North Korea to abandon its nuclear development program, and that North Korea then accepted China's request. This source pointed out that no progress had been made in negotiations to establish diplomatic relations between the ROK and China because of the North Korean nuclear issue, adding that if North Korea had not abandoned its nuclear development policy, no diplomatic relations could have been established between the ROK and China.

He also said: "North Korea's abandonment of its nuclear development policy was a factor that could resolve issues concerning the Korean peninsula, including the establishment of diplomatic relations between the ROK and China." He also said that in the course of negotiations to establish diplomatic relations with China, the ROK had demanded that North Korea abandon its nuclear weapons program and that the ROK and China could establish diplomatic relations because this issue has been resolved.

This source, however, did not say when and through what channels North Korea informed China that it would abandon its nuclear program. Meanwhile, observers in Beijing said: China supported the principle of denuclearizing the Korean peninsula. Also, it successfully persuaded North Korea to abandon its nuclear program. In return, China promised North Korea that the establishment of diplomatic relations between the ROK and China would not affect the 1961 Chinese-DPRK Friendship Treaty and that China would play a positive role in promoting peace with an equal emphasis on North and South Korea.

PRC President Invites No To Visit 27-30 Sep*SK2608030292 Seoul YONHAP in English 0239 GMT
26 Aug 92*

[Text] Seoul, Aug. 26 (YONHAP)—South Korean President No Tae-u is likely to visit China toward the end of September at the invitation of Chinese President Yang Shangkun, informed sources said Wednesday [26 August].

China, which invited No when Seoul and Beijing established diplomatic relations Monday, conveyed the invitation through Foreign Minister Yi Sang-ok, who returned from Beijing Tuesday afternoon.

Yang asks in the invitation that No visit Beijing during Sept. 27-30, according to the sources.

The Koreans are sounding out the Chinese about delaying the visit a few days as No finishes his U.N. visit Sept. 25, they said.

A presidential staffer, confirming the arrival of the invitation, said: "Even though we are for an earliest possible visit by No to Beijing, we're discussing a change to the itinerary offered by the Chinese side in view of his trip to the United Nations."

The timing of No's visit to China would be decided in full consultation between the two countries, and in consideration of pending international issues in and around the Korean peninsula and in Northeast Asia, he said.

Kims 'Unlikely To Visit' After No*SK2608051792 Seoul YONHAP in English 0508 GMT
26 Aug 92*

[Text] Seoul, Aug. 26 (YONHAP)—North Korean President Kim Il-song and his son, heir-apparent Kim Chong-il, are unlikely to visit China after South Korean President No Tae-u's state visit in the autumn, a Foreign Ministry official said Tuesday [25 August].

"Chinese officials confirmed to Foreign Minister Yi Sang-ok that they hadn't invited the two Kims to China and therefore the reports might be wrong," he told reporters. Minister Yi was in Beijing early this week to conclude diplomatic ties between the two countries.

He didn't rule out the possibility of visits, however, noting that China has granted the Kims carte blanche to visit at any time they feel like it.

Foreign Minister Interviewed on PRC Ties*SK2508125692 Seoul KBS-1 Television Network
in Korean 1210 GMT 25 Aug 92*

[Interview with ROK Foreign Minister Yi Sang-ok by KBS Television anchorman Pak Sok-tae in Seoul—live]

[Text] [Pak Sok-tae] How are you? You have spared no pains for establishing historic diplomatic relations with China. What is your view on the influence the establishment of ROK-PRC diplomatic relations will have on

overall North-South relations, including the North Korean nuclear inspection issue?

[Yi Sang-ok] When I met with many Chinese leaders including Foreign Minister Qian Qichen, I stressed that we do not want North Korea to be isolated in international society because of the establishment of ROK-PRC diplomatic relations. I told them that we hope that with the establishment of our relations as an milestone, North Korea will join the trend of times toward reconciliation and cooperation as a responsible party of international society.

Prompted by the establishment of ROK-PRC diplomatic relations, our government will continue to hold dialogue with North Korea to effect substantive progress in North-South relations.

As for the nuclear issue, while meeting with the Chinese leaders we again confirmed China's position of opposing expansion of nuclear weapons on the Korean peninsula. I hope that China will play a constructive [konsolchogin] role in resolving the nuclear question on the Korean peninsula in the future.

[Pak] Is there any possibility that President No Tae-u will visit China next month?

[Yi] When the establishment of ROK-PRC diplomatic relations was announced yesterday, the two countries also announced that President No Tae-u will pay an official visit to China in the near future at the invitation of Chinese President Yang Shangkun.

The firm schedule and date of the visit will be discussed and decided through the two countries diplomatic channels. The date of his visit will be officially announced in the near future.

[Pak] Some people said that Beijing apologized for Chinese Communist Army's past participation in the Korean war while others denied this. Relevant officials of the two countries disagree on this issue. Which side is correct?

[Yi] This issue is very sensitive. Open discussion of this issue, therefore, would be inconvenient for both sides. In the course of negotiations for establishing diplomatic relations, our delegation raised this issue and the Chinese side expressed its position that dispatching Chinese volunteers to the Korean war was an inevitable event due to various situations at that time and is a matter to regret, which should not be repeated in the future.

What is important at this moment is not to talk about past events, but to strive to build genuine good-neighborly and friendly relations between the two countries. It is important to cooperate in developing these relations.

[Pak] What are the government's specific measures for developing relations with China?

[Yi] With the establishment of diplomatic relations as a milestone, firm foundations have been laid for our two countries to cooperate and jointly make efforts for peace,

security and prosperity not only in Northeast Asia but also in the world, not to mention the Korean peninsula.

As you know, China is the sole Standing Committee member of the UN Security Council from the Asian sphere. By establishing diplomatic relations with China, our country came to have normal relations with all of five Standing Committee member states of the UN Security Council. This will greatly help us play a constructive role in international relations and reveal our position.

On the other hand, cooperative relations have been created between the two countries in trade and economic fields to a great extent in the past.

With the normalization of relations between the two countries, such practical cooperative relations will be further accelerated and vitalized.

[Pak] Thank you.

PRC Names Temporary Charge d'Affaires

SK2608104192 Seoul YONHAP in English 1027 GMT
26 Aug 92

[Text] Seoul, Aug. 26 (YONHAP)—Pei Yiayi, minister at the Chinese Embassy in Seoul, has been named China's temporary charge d'affaires to Korea, a Foreign Ministry official said Wednesday [26 August].

Pei called on Foreign Minister Yi Sang-ok Wednesday to deliver to him a message from Chinese Foreign Minister Qian Qichen, in which Qian informed Yi of the appointment of Pei as temporary charge d'affaires.

Pei said that China would appoint an ambassador and ask for Korea's agreement shortly.

In his message, Chinese Minister Qian also asked Yi for his cooperation in handling various follow-up matters related to the establishment of the Chinese Embassy, the official said.

Chinese, ROK Trade Ministers To Meet Annually

SK2508035992 Seoul YONHAP in English 0213 GMT
25 Aug 92

[Text] Seoul, Aug. 25 (YONHAP)—South Korea and China have agreed to hold annual trade minister's talks and to work out the details when their ministers meet in Bangkok in September, during the ministerial conference of the Asia-Pacific Economic Cooperation (APEC), the Trade and Industry Ministry announced Tuesday.

High-level trade officials of the two countries met Tuesday morning at the Kwachon Second Integrated Government Building for the first time since ties were normalized and agreed to replace a private trade agreement with an inter-governmental agreement, a ministry spokesman said.

The trade agreement, which took effect in February, was signed by the Korea Trade Promotion Corp. (KOTRA) and China Chamber of International Commerce.

Both sides recognized the need to support business activity by each other for the expansion of economic exchanges, the spokesman said.

To do this, China and Korea agreed to expand the establishment of trade promotion organizations and branches of trading concerns as well as conclude an agreement on arbitration, he added.

They agreed to study ways for Korean firms to employ Chinese laborers in third countries and for businesses to jointly advance into third countries, the spokesman said.

Yu Tuk-hwan, first assistant trade-industry minister, and his Chinese counterpart, Tian Runzhi, led the delegations at the meeting.

Trade Minister Invited To Visit PRC

SK2508041192 Seoul YONHAP in English 0251 GMT
25 Aug 92

[Text] Seoul, Aug. 25 (YONHAP)—The Chinese Government has invited South Korean Trade and Industry Minister Han Pong-su to visit Beijing, Ministry officials said Tuesday [25 August].

The invitation was conveyed by visiting Assistant Chinese Foreign Economic Relations and Trade Minister Tian Runzhi, who paid a courtesy call on Han shortly before starting working-level trade talks Tuesday morning, officials said.

Han asked Tian to inform Foreign Economic Relations and Trade Minister Li Lanqing of his willingness to invite him to Seoul in return.

Tian's trip reciprocates First Assistant Trade and Industry Minister Yu Tok-hwan's visit to Beijing in March.

PRC Reportedly 'More Active' in Normalization

SK2508045992 Seoul THE KOREA HERALD
in English 25 Aug 92 p 2

["News Analysis" by KOREA HERALD correspondent Kim Hye-won: "Ties Indicate Chinese Reformists in Firm Control"]

[Text] Beijing—China's establishment of diplomatic relations with South Korea is concrete evidence that supporters of reforms and openness are in firm control of the country, South Korean diplomats here said Monday [24 August].

They said the move also indicates the reformers' confidence that they can head off resistance from conservatives.

Despite accusations that Seoul had hurried to normalize ties with Beijing, diplomats here say the Chinese, in many senses, were more active in the normalization negotiations.

North Korea's nuclear ambitions may have also figured in China's decision to hasten establishment of ties with South Korea, they said.

China had long advocated that the United States and Japan should set up diplomatic ties with North Korea in return for its normalization of ties with South Korea.

But the Chinese leadership deserted the policy of "cross recognition" after the North Korean nuclear issue surfaced, according to the diplomats. Facing the tough U.S. stance that its relations with North Korea are separate from China's relationship with South Korea, the Chinese appeared to have given up on the policy, the diplomats said.

There were several other reasons China actively pursued relations with South Korea, they noted.

China wanted to take the initiative in reformulating a new order in East Asia after the demise of the former Soviet Union. They also wanted to balance the expanding power of Japan in the region.

China's strategy, they said, seems to use U.S. political and military dominance in the region to control the expansion of Japan's political power while checking the United States' economic power with the economic influence of Japan.

The Korean Peninsula is very important in this strategy of maintaining the balance of power, the diplomats said.

Beijing also wants to improve its international image by establishing ties with capitalist South Korea. China's international prestige still remains damaged after its suppressive crackdown of democracy protestors in Tiananmen Square in 1989, they said.

The Chinese are worried by the possible deterioration of U.S.-China relations if Democrat Bill Clinton wins the U.S. presidency, the diplomats said.

The Beijing leadership also wanted to deliver a political shock to the Taipei government by normalizing ties with its ally Seoul.

The Chinese leadership appeared to have been annoyed by Taiwan's so-called "dollar diplomacy." One recent example was China's severing relationship with Niger after the African country's decision to open diplomatic relations with Taiwan, they said. The Chinese government unsuccessfully tried to block the development. Its Foreign Minister Qian Qichen even visited Niger to dissuade the Niger government from setting up ties with Taiwan, they said.

The diplomats said Qian mentioned the Taiwanese claim that Seoul promised in loans \$2 billion to Beijing

in return for diplomatic recognition when he met with South Korean Foreign Minister Yi Sunday here. Qian denied the claim, they said.

The Taiwanese government, in the meantime, had been slow in keeping up with the pace of what had been happening between Seoul and Beijing, the diplomats said.

They said Seoul had continued to give signals about progress in normalization negotiations with Beijing since April this year. Seoul and Beijing in fact agreed in principle to set up diplomatic relations when South Korean Foreign Minister Yi Sang-ok visited here last April to attend a session of the U.N. Economic and Social Commission for Asia and the Pacific (ESCAP).

The announcement that Yi and Qian agreed on the necessity of diplomatic relations during talks at that time suggested that the two countries would soon begin normalization negotiations, the diplomats said.

Despite the repeated signals from Seoul, Taiwanese diplomats in Seoul, with extensive friendship with many prominent figures in Seoul, apparently underestimated the situation, they said.

But the greatest difficulty in the process of normalization negotiations between Seoul and Beijing arose from the need to keep the negotiations secret, the diplomats said.

The negotiators wanted secrecy fearing that North Korea, which has close relations with many Chinese leaders, might hamper that negotiations, they said.

"Foreign Minister Yi appreciated the decision by the Chinese leadership to set up diplomatic relations with Korea when he met with Chinese Prime Minister Li Peng Monday. He should have had in mind the closer, even intimate relationship between Kim Il-song and senior Chinese leaders when he made such a statement," said a South Korean official who is accompanying him here.

PRC Economists, Traders Line Up To Visit

SK2508081192 Seoul YONHAP in English 0722 GMT
25 Aug 92

[Text] Seoul, Aug. 25 (YONHAP)—Economists and traders from China's central and provincial governments are lined until the year-end to visit Seoul.

Fastest out of the starting blocks was a 330-member commission for economic ties from Shandong that arrived on Monday [24 August], the day when Seoul-Beijing ties were normalized.

Li Chunting, vice governor of Shandong, and his group will visit governmental and non-governmental economic institutions in Korea, including the Trade and Industry Ministry, Economic Planning Board, Korea Trade Promotion Corp. (Kotra), Federation of Korean Industries (FKI), and Korea Federation of small business.

They will also call on large businesses such as Samsung Co. and Daewoo Corp. in a bid to attract investment to their region before leaving on Sept. 5.

Tian Runzhi, the assistant foreign economic relations and trade minister, came with seven delegates Tuesday for a four-day visit to have economic cooperation talks with their Korean counterparts.

Chang Yi, the mayor of Dandong, arrives Friday with a team of economic and trade affairs officials to explain the investment potential of his city and discuss inter-Korean exchanges via Dandong.

During its stay until Sept. 10, the nine-member team will call on government agencies, and major businesses such as Daewoo Corp., Samsung Co. and Hyundai Corp., and visit industrial complexes in Incheon, Kumi, Taegu and Pusan.

Some 300 delegates from Liaoning Province will be visiting the country in mid-November to attract investors.

From the Korean side, a private economic team will tour the Chinese cities of Shanghai, Beijing and Tianjin from Oct. 20 to Nov. 10 to study investment prospects at the guidance of Kotra.

The Korea Association of Machinery Industry is to send nine machinery companies to take part in the international machinery exposition in Shenzhen over Oct. 22-27.

FKI exchanged protocols pledging business cooperation with the China Association of Industrial Economics May 19 and plans to send senior officials to China at the beginning of next year.

ROK To Liberalize Tourism to China Gradually

*SK2608040892 Seoul YONHAP in English 0021 GMT
26 Aug 92*

[Text] Seoul, Aug. 26 (YONHAP)—The government will liberalize tourism to China on a gradual basis despite the normalization of diplomatic relations, Transportation Ministry officials said Wednesday [26 August].

Restricting tourism was aimed at preventing the ill effects that might occur if all restrictions were lifted at once, they said. Before making the decision, the government listened to the opinions of tourism industry on Monday.

Guidelines would be announced shortly after inter-ministerial consultations, they said.

In Monday's meeting, industry representatives advised the government to seek the cooperation of tourists in liberalizing travel to China instead of limiting the operations of tour companies.

Liberalization of travel to China was feared to result in an upsurge of Korean tourists that, coupled with the decrease of Taiwanese tourists, would aggravate Korea's tourism deficit to around 500 million U.S. dollars, the ministry officials said.

The rules would remain the same for visits to Korea by Chinese citizens, including ethnic Koreans.

ROK, Russia Initial Treaty on Basic Relations

*SK2608053492 Seoul YONHAP in English 0458 GMT
26 Aug 92*

[Text] Seoul, Aug. 26 (YONHAP)—South Korea and Russia initialed a treaty on basic relations here Tuesday [25 August], as agreed last June in Moscow.

The treaty was initialed by South Korean Vice Foreign Minister No Chang-hui and Russian Ambassador to Seoul Aleksandr Panov. It will be signed by Korean President No Tae-u and Russian President Boris Yeltsin next month.

Yeltsin is scheduled to make a state visit to Seoul Sept. 16-18.

The treaty will go into effect after ratification and exchange of ratification papers between the two countries.

The treaty, with the official title of the Treaty on Basic Relations Between Korea and Russia, is composed of a preamble and 15 articles and lays the groundwork for friendship and cooperation between the two countries.

In the preamble, the two countries resolve to make joint efforts for overcoming past tragedies and to share common values such as freedom, democracy, respect of human rights and principles of market economy.

The 15 articles contain development of bilateral relations on the basis of international law and regular consultations between the presidents, and foreign and other ministers of the two countries.

Nonaggression Discussed in N-S Panmunjom Meeting

*SK2608022492 Seoul KBS-1 Radio Network in Korean
0205 GMT 26 Aug 92*

[Text] North and South Korea started the seventh meeting of the North-South Military Subcommittee at 1000 [0100 GMT] today at the House of Peace in our side's area of Panmunjom. They are negotiating a supplementary agreement on nonaggression.

South Chairman Pak Yong-ok said in the meeting: The North and South agreed at the seventh high-level talks to complete the supplementary agreement on nonaggression by 1 September. However, the sides have agreed on only six clauses of the supplementary agreement.

He urged the North to make every effort to draft the supplementary agreement in time.

Chairman Pak presented our side's revised draft agreement on the nonuse of force, prevention of accidental armed conflicts, and peaceful resolution of disputes. The North side's demands were fully accepted in our revised draft agreement, which has six chapters and 22 clauses.

Differences Not Resolved

SK2608093492 Seoul YONHAP in English 0920 GMT
26 Aug 92

[Text] Seoul, Aug. 26 (YONHAP)—South and North Korea made unsuccessful efforts Wednesday [26 August] to iron out difference on the unsettled clauses of an auxiliary agreement in the area of non-aggression.

At the seventh meeting of the Military Subcommittee of the South-North prime ministers meeting held at Peace House in the truce village of Panmunjom, the South produced a revised draft agreement incorporating part of the North's ideas but only to be rebuffed by the North Koreans.

A co-chairmen's contact took place at the North's suggestion upon the adjournment of the subcommittee meeting, which, too, failed to resolve mutual difference.

The two sides differed largely on the North's suggestion that arms buildup be banned in areas along the Military Demarcation Line, reconnaissance activities against each other be prohibited, and neither side take part in or support aliens' aggressive activities.

As for the time of the next meeting, the South proposed that a co-chairmen's or members' contact be held before Sept. 1 to wind up negotiations on the draft accord.

But, the two sides decided to hold the eighth subcommittee meeting at Tongilgak on Sept. 5 as the North wanted.

The North Koreans rejected any separate contact arguing that there could be no agreement after all unless the South accepted their suggestions.

South To Become More 'Tolerant' of North

SK2408091792 Seoul YONHAP in English 0851 GMT
24 Aug 92

[Text] Seoul, Aug. 24 (YONHAP)—North Korea will be touchy for a while over China's normalizing ties with South Korea, but then lapse into pragmatism, Deputy Prime Minister Choe Yong-chol predicted Monday [24 August].

Pyongyang had been informed of Beijing's move beforehand, but it must still have been a heavy blow when relations were actually normalized, Choe said just before leaving on an official visit to Yemen and Germany.

Revision of South Korea's policy against North Korea because of Seoul-Beijing normalization was unnecessary, said Choe, who is also unification minister, adding that the South would now be more "tolerant" of the North than ever.

At the eighth prime ministerial talks, scheduled to open in Pyongyang Sept. 15, South Korea would try to put accords reached so far into auxiliary agreements and continue to discuss remaining issues, he said.

He said North Korea might change its take-it-or-leave-it attitude on the package settlement and accept the South Korean offer.

Choe expressed optimism on the nuclear issue, saying North Korea had no choice but to bow to pressure from the United States, Japan, China, Russia, and the European Community to conduct mutual inspections.

In Yemen, Choe will meet with President 'Ali 'Abdallah Salih, Premier Haydar Abu-bakr al-'Attas and Deputy Prime Minister Salih 'Ubayd Ahmad. He will listen to Yemen's unification experience, and exchange views on post-unification problems.

In Germany, Choe will discuss the creation of a council for unification policy between Korea and Germany with Foreign Minister Klaus Kinkel and Home Minister Rudolf Seiters.

He returns home Sept. 4.

Kim Chong-il Reportedly Not To Attend Meeting

SK2508065292 Seoul YONHAP in English 0631 GMT
25 Aug 92

[Text] Tokyo, Aug. 25 (YONHAP)—Kim Chong-il, secretary of the North Korean Workers' Party, has declined an invitation to attend the Non-Aligned Summit Conference in Jakarta next month, a Japanese economic daily reported Tuesday [25 August].

Kim, President Kim Il-song's son and heir-apparent, was invited by the Indonesian Government but decided not to attend for protocol reasons, the SANKEI SHIMBUN said. His father was also invited, but could not go because he has a fear of flying.

North Korea asked the organizers where the junior Kim would sit in the conference and was told he would be behind heads of state and prime ministers because he holds no administrative post, the paper said.

Because of this, North Korea decided that the conference would not be a good occasion for Kim to make his international debut and will send Prime Minister Yon Hyong-muk or a deputy prime minister-level official to attend the meeting.

"We have no information indicating Kim Chong-il's participation in the non-aligned meeting," an official at the Japanese Foreign Ministry said.

North Needs Normalization of Ties With Japan

SK2508092692 Seoul CHOSON ILBO in Korean
25 Aug 92 p 2

[By reporter Pak Tu-sik from Beijing]

[Text] If Japan and North Korea can not settle establishing diplomatic relations at an early date, even after the ROK-PRC normalization of bilateral relations, then it will plunge North Korea's governing system into serious confusion. A high-ranking diplomatic source said this in Beijing on 24 August.

This source, well versed in North Korean affairs, said that by serious confusion, he meant the collapse of the Kim Chong-il succession system.

The same source said: Following the high-level contact in New York last January between Kim Yong-sun, director of the International Department of the North Korean Workers' Party, and Kanter, assistant secretary of U.S. State Department, Kim Yong-sun briefed Kim Il-song on nuclear issues, on negotiations concerning the establishment of diplomatic relations between Japan and North Korea, and on the possibility of the ROK and PRC establishing diplomatic relations. Kim Yong-sun's report, however, is reported to have been a far cry from the facts in most cases.

The source said major points of Kim Yong-sun's report are: Establishment of PRC-ROK diplomatic relations before the establishment of North Korean-Japanese relations is not tolerable. Japan ardently hopes to establish diplomatic relations with North Korea. The United States will improve its relations with North Korea based on the belief that an inspection of North Korea's nuclear facilities by the International Atomic Energy Agency alone will settle the nuclear issue.

The same source said: If Japanese-North Korean negotiations on establishing diplomatic relations fail to make any progress immediately following the establishment of ROK-PRC diplomatic relations and if the stalemate over the nuclear issue continues for a little while longer, then the Kim Chong-il-Kim Yong-sun line, which has for the most part directed North Korean foreign policy, is expected to crumble.

He predicted: One way to bring such a chaotic situation under control may be, as an extreme case, the exit of Kim Chong-il.

He added: Given the hard-line attitude of the United States toward North Korea's nuclear issue, any progress in Japanese-North Korean negotiations over the establishment of bilateral diplomatic relations is hard to expect.

No Addresses Cabinet After Resigning DLP Post
SK2608104492 Seoul YONHAP in English 0651 GMT 26 Aug 92

[Text] Seoul, Aug. 26 (YONHAP)—President No Tae-u told the cabinet Wednesday [26 August] that mid- and long-term state projects should proceed without hitch.

No, who resigned Tuesday [25 August] as head of the ruling party, said he was able to concentrate solely on state affairs and had rid himself of a political burden.

"I will hold onto a faithful sense of duty in carrying out the responsibilities required by the Constitution as chief executive of the administration," he said.

No expressed his regret at the furor surrounding the second mobile telecommunications project, saying confidence in officialdom was damaged although the government selected the licensee in a fair and strict manner.

He was heartbroken because the pride and self-respect of public officials who devoted themselves to the nation was harmed by the ignominy. No told the cabinet.

The chief executive told his ministers to carry out state policies for economic stability and to enhance living standards consistently by putting emphasis on cooperation with the ruling party.

Next year's budget should reduce ordinary expenditures as far as possible and readjust the priority of state projects, he said.

No ordered the ministers to try their best to prevent lawlessness and social disorder during the presidential election and not to let public officials relax in the time of change.

Korea had to strengthen its political, economic and cultural cooperation with former communist countries to harvest the real fruits of the nordpolitik now that it had expanded diplomacy to all corners of the world by opening diplomatic ties with China, he said.

"We should not only fortify relations with traditional friendly allies such as the United States and Japan but maintain cooperative ties on a private level with Taiwan by establishing the highest level of unofficial ties," No added.

*** Russia Urged To Sever Alliance With DPRK**

922C0224A Seoul TONG-A ILBO in Korean 20 Jul 92 p 5

[Article by reporter Kim Chae-hong: "Gambit for Long-Range Northeast Asian Collective Security"—Significance of the Defense Ministry's Call For Liquidation of North Korea-Russian Military Alliance"]

[Text] Prior to the conclusion of the basic treaty on ROK-Russian relations, our Ministry of National Defense [MND] urged the Russian military to liquidate the North Korea-Russia military alliance. This move stems from the desire to clearly delineate the military security issue before establishing a new state-to-state relationship with Russia. The move is all the more significant because the MND made this presentation to the military of what used to be the Soviet Union, not merely for the purpose of North Korea in check, but on the assumption that there will be an essential joint arrangement between a unified Korea and Russia for the security of Northeast Asia in the future.

MND Deputy Minister Kwon Yong-hae met with Russian Military Attache in Seoul Colonel (Yusov) on 3 April, and on the following day, that is, on 4 April, met with (Omelichev), Russia's first deputy chief of staff, while he was visiting South Korea. Putting together what Deputy Minister Kwon said at these two meetings, we

can get a glimpse of our government's underlying idea about long-range military security.

Deputy Minister Kwon reportedly said to them, "if Russia, China, Japan, and a unified Korea are to maintain mutual trust in each other in Northeast Asia in the future, they should make a collective security arrangement similar to that in Europe on the basis of unity of purpose because an arms race of attrition is meaningless." This idea is a main feature of the new mid- and long-range defense policy to which the MND has been adding the finishing touches since last year in anticipation of the military potential of the countries surrounding a unified Korea.

No one objects to the premise that one of the menacing military powers that will confront a unified Korea is Russia. The reason is that the former Soviet Union has crumbled for economic reasons, but its military, unlike the communist party and the KGB bureaucrats, is still preserving the formidable military power of the former Soviet Union while maintaining its own collective entity.

(Omelichev), CIS first deputy chief of staff, who attended an international seminar in Seoul with (Lehman), director of disarmament of the U.S. State Department, in early last month, still holds a key position in the military staff of what used to be the Soviet Union and is regarded as a real powerhouse in the Russian military.

Some critics point out that under the civilian-controlled government, it constitutes an act of arrogation for the military to intrude into the diplomatic turf of the state.

There is a stronger opinion that considering the enormous influence that the Russian military wields in the state's decision making, as well as its powerful position, it is more desirable to let our MND share the role with the Foreign Ministry authorities and to assign appropriate tasks to the MND on the ground that the MND is our counterpart of the Russian military.

Also gaining ground is the opinion that at a time when we are establishing a new state-to-state relationship with Russia, there should be a strategic role sharing within the government.

According to this view, an issue such as the North Korea-Russia military alliance is one that far exceeds the realm of general diplomatic relations and requires an expertise; therefore it is appropriate to regard it as falling under the realm of military diplomacy and handle it accordingly.

During his courtesy call on Foreign Minister Yi Sang-ok on 30 June, Russian President Yeltsin said, "the military alliance as part of the Treaty of Mutual Friendship and Assistance signed between North Korea and Russia in 1961 has lost effect, existing only as a matter of formality." This statement is interpreted by the MND as an indication that the Russian military is taking a positive view of our defense policy concept.

On the occasion of the 31st anniversary of the signing of the "DPRK-USSR Treaty of Mutual Friendship and Assistance" (on 6 July 1961), Russian reaffirmed on 7 July through Moscow Radio that "the DPRK-USSR treaty of military alliance is null and void."

Major foreign press agency sources who had been watching Pyongyang on the anniversary said, "there has been no exchange of congratulatory messages between the leaders of the two countries, not to mention any particular anniversary functions." They commented that "the Korean-Soviet treaty has become waste paper."

The North Korea-Soviet military alliance will be abolished formally in a year as a result of the declaration by Russia, which inherits all international treaties of the former Soviet Union, to the effect that it is invalid. The North Korean appendix to the treaty stipulates that "the term of validity shall automatically extend unless the desire to abrogate the treaty is expressed one year in advance." Now that Russia has expressed its desire to abrogate the treaty, the term of validity will not be extended.

Some observers suspect that the MND is seeking a revision of Article 1 of the treaty providing for the Russo-North Korean military alliance. The matter will not be pursued further for the time being beyond what has been achieved so far, however, because there is the stipulation requiring a one-year advance notice and because it is not the intention of our government to see relations between North Korea and Russia severed completely.

It is the common view of experts that the termination of the North Korea-Russia military alliance signals a topographical change in the Northeast Asian security map centering on the Korean peninsula.

• DPRK Insurance Market Sees High Growth Rate

922C0223A Seoul MAEIL KYONGJE SINMUN
in Korean 21 Jul 92 p 5

[By reporter Son Hyon-tok: "Small in Shape But 'Piquant' in Substance"]

[Text] The entire North Korean insurance market is of the size comparable to one low-ranking non-life insurance firm in our country. But it is growing faster than our non-life insurance firms put together.

It was also revealed that more than half the insurance contracts effected in North Korea are put on the international reinsurance market, and that the average loss ratio on them is relatively favorable at 55.7%.

These facts were contained in an annual report (dated 31 December 1990) of the state-run Korean International Insurance Company [KIIC], North Korea's sole insurer, obtained by our insurance authorities recently.

This is the first time ever that the scale and activities of North Korea's insurance market was disclosed by an official North Korean release.

According to the document, as of the end of 1990, KIIC's total assets were W152.3 billion (in terms of the won currency) and its gross premium revenue W143.5 billion.

These figures represent in form a 4.4% level of the South Korean non-life insurance industry, or an equivalent to the Koryo Fire Insurance Co. (the premium revenue: W155.1 billion), which ranked 10th of the 11 South Korean non-life insurance firms in the same period.

The North Korean insurance market reports a remarkably high growth rate, however, marking an annual 39.8% gain in premium revenue, which is approximately 5 percentage points higher compared with South Korean non-life insurance firms.

It reported W17.6 billion in short-term net profit for the same period, indicating that the market is substantially firmer than it appears to be. The net profits of the 11 South Korean non-life insurance firms for the corresponding period totaled W26.1 billion.

It was also disclosed that KIIC puts more than half the insurance contracts effected in North Korea (50.2%) on the international reinsurance market.

Insurance had been largely a domestic operation until the 1986 and 1988 typhoon damage occurred, which prompted the market to recognize the need for overseas reinsurance. Thus, overseas reinsurance transactions are on the rapid increase in scale.

For overseas reinsurance, KIIC chiefly uses European brokerages—Munich Reinsurance of Germany on machinery and (Leslie Kollen-Hoch Robertson) Firm in London on marine cases.

An official source of our insurance authorities said that "KIIC suspended trade with U.S. firms two years ago and it apparently has been asking its overseas clients to keep South Korean firms from underwriting for it." "As

North-South Korean relations are showing signs of rapid improvement," he observed, "exchange will likely begin in the insurance area, too, sooner or later."

North Korean insurance deals put on the international market are an excellent commodity carrying a loss ratio of 55.7% and a brokerage rate of approximately 34.7%, leaving a 10% or so margin. Because of difficulties involved in settling accounts, payment could take a relatively long period of time, however.

KIIC has seven bureaus, including the Marine Insurance Bureau, under its president and two vice presidents. For overseas activities, it maintains resident representative offices in five countries—France, Switzerland, Germany, Peru and Pakistan. It also operates a joint-venture corporation in the United Arab Emirates.

The North Korean insurance business, which began in 1957 with cargo insurance, is a comprehensive one now including fire, ship, machinery, farm product, live-stock, and automobile insurance.

Of them, the farm-product insurance is something yet to be adopted in South Korea. As regards the automobile insurance, its actual performance is rather insignificant because the total number of automobiles in North Korea except military vehicles is less than 200,000 and, especially, privately-owned cars are confined to a small number of special-status people including those repatriated from Japan.

Meanwhile, on the South Korean side, Daehan Fire Insurance Co. is actively pushing for insurance trade with North Korea.

Availing itself of international meetings and other opportunities, Daehan Fire made contact with North Korean officials concerned on several occasions, sounding their intent. It even proposed conclusion of a business agreement officially late last year.

North Korea, as expected, remains noncommittal. In view of the rapid development in recent months of the North-South economic cooperation issue, however, officials of Daehan Fire expect that they will see some visible results sooner or later.

Burma**Malaysian Military Intelligence Chief Visits**

BK2308150592 Rangoon Burma Television Network in Burmese 1330 GMT 23 Aug 92

[Excerpt] General Raja Datuk Abdul Rashid Bin Raja Badiozaman, Malaysian director general of military intelligence, accompanied by Captain Hamza and freelance reporter Mr. M. G. Pilai arrived on a visit to Burma by Thai International Airways on the evening of 20 August.

Gen. Raja Datuk Abdul Rashid and party, accompanied by Malaysian Ambassador Mr. John Tenewi Nuek, Malaysian Defense Attache Lieutenant Colonel (Samed Bin Matsaeed) and responsible personnel from the Directorate of Defense Services Intelligence, arrived in Akyab on the evening of 21 August.

Gen. Raja Datuk Abdul Rashid and party were briefed on matters relating to the regional situation and the repatriation of people who went to the country on the other side by Brigadier General Win Myint, commander of the Western Military Command, and U Maung Aung, director general of the Immigration and Manpower Department at the Western Command Guest House. Gen. Raja Datuk Abdul Rashid and party later toured Akyab, and a dinner in his honor was hosted by Commander Brig. Gen. Win Myint in the evening.

On 22 August morning, Gen. Raja Datuk Abdul Rashid and party, accompanied by Commander Brig. Gen. Win Myint and responsible personnel, toured Maungdaw, Kamaungseik, Kyeinchaung, Tanyinchaung, and Alesankyaw by helicopter. They met with responsible employees and inquired about the preparations made at the repatriation centers to accept those who fled to the country on the other side. The visitors next met the local village populace and inquired about the border situation and visited mosques, schools, and station hospitals in the region. The party returned to Akyab in the evening and spent the night there. [passage omitted]

Meets Khin Nyunt

BK2308141792 Rangoon Burma Television Network in Burmese 1330 GMT 23 Aug 92

[Text] Major General Khin Nyunt, director of Directorate of Defense Services Intelligence [DDSI], received General Raja Datuk Abdul Rashid Bin Raja Badiozaman, Malaysian director general of military intelligence, who is currently visiting Burma, at the No.1 Defense Services guest house at 1830 today.

Maj. Gen. Khin Nyunt hosted a dinner in honor of the visiting Malaysian military intelligence director general and party in the evening. Present at the dinner were Rear Admiral Than Nyunt, Navy commander in chief; Maj. Gen. Myint Aung, adjutant general; Brigadier General Min Thein, quartermaster general; Maj. Gen. Tin U, Army chief of staff; Maj. Gen. Myo Nyunt, commander

of Yangon [Rangoon] military command; Brig. Gen. Than U, judge advocate general; Brig. Gen. Tin Aye, inspector general; U Ohn Gyaw, minister for foreign affairs; Brig. Gen. Myo Thant, minister for information; Brig. Gen. Maung Maung, minister for livestock breeding and fisheries; Colonel Than Tun, deputy director of DDSI; Malaysian Ambassador Mr. John Tenewi Nuek; and Malaysian Defense Attache Lieutenant Colonel (Samed Bin Matsaeed).

Departs Rangoon 24 Aug

BK2408150492 Rangoon Burma Television Network in Burmese 1330 GMT 24 Aug 92

[Text] Lieutenant Colonel Kyaw Thein, General Staff officer grade 1 of the Directorate of Defense Services Intelligence and member of the Central Committee for Drug Abuse Control of Myanmar [Burma], explained Burma's drug suppression activities to General Raja Datuk Abdul Rashid Bin Raja Badiozaman, Malaysian director general of military intelligence, and his accompanying delegation at the Defense Ministry's Dagon House this morning. Gen. Raja Datuk Abdul Rashid Bin Raja Badiozaman left Burma by a Thai International flight this evening.

Opposition Urges End to 'Constructive Engagement'

BK2608071992 Bangkok THE NATION in English 26 Aug 92 p A6

[Article by the Democratic Alliance of Burma—"based at the Thai-Burma border"]

[Text] At the recent Association of Southeast Asian Nations (ASEAN) foreign ministers' meeting in Manila, there was a great deal of discussion regarding ASEAN's policy towards the State Law and Order Restoration Council (SLORC) regime in Burma.

While most ASEAN ministers, Thailand in particular, claimed that their "constructive engagement" policy promoting trade and recognition of the SLORC is leading to Burmese reform and advocated welcoming the SLORC dictators to the ASEAN fold in the future, Western nations advocated strong sanctions as the only way to move this seemingly immovable regime.

Both sides claimed credit for the SLORC's April 1992 "concessions." The "Democratic Alliance of Burma (DAB) has previously made clear that these concessions were cosmetic and meaningless, yet the question of why the SLORC even felt obliged to pretend it was reforming still remains.

When the concessions were announced in April, international pressure was at its peak. Burma was drawing worldwide attention and outrage. Refugees were flooding across all borders and the United Nations secretary-general had even sent a personal envoy to pressure the SLORC in Rangoon. The regime was facing

imminent international and United-Nations action, and therefore pretended to change only to avert any further repercussions.

However, advocates of "constructive engagement" claim that it was an increase in trade and political recognition that motivated the SLORC. The facts of the situation contradict this idea, as shown by the SLORC's closest "constructive engagement" partner, Thailand. In April, the SLORC's forestry minister had already made the sudden announcement that Thai logging contracts should not be renewed once they expire, giving no reason.

The SLORC had also suddenly closed the border to all other trade in March, and it remained closed till the middle of July. For several months, the SLORC army had even been attacking the Thai Army at several points along the border when they refuse to recognize Thai sovereignty. Overall, this relationship can hardly be seen as "constructive." Yet these are typical fruits of constructive engagement with a regime that has proven itself incapable of acting responsibly.

The SLORC regime is a clique of military officers with no popular support whatsoever. It only maintains power with armed might, and this might can only be built up and maintained with foreign currency. Constructive engagement is welcomed by the SLORC as a lucrative source of such currency which demands no reform on their part. It is largely "constructive engagement" money which has allowed the Burmese junta to announce a US\$200 million increase in "defence" spending for 1992-93, bringing the coming year's military budget to a staggering US\$1.26 billion, or 35 per cent of the nation's entire budget.

Only when constructive engagement begins attaching firm and specific conditions linking increased trade and political recognition to serious reforms can it have any hope of working. No such conditions yet exist.

In the short term ASEAN countries make financial gains from the current arrangement, but in the longer term it only harms their interests. While Thailand tries to restrict prostitution and control AIDS, Burma is exporting thousands of prostitutes.

The sale of Burmese and Karen women into Thai brothel slavery only remains a lucrative business because so many young women are really desperate to escape SLORC rule that they will believe any false promise of foreign employment. Thousands of other desperate people flee the SLORC to become illegal workers in ASEAN countries, leaving ASEAN nationals out of work. These and other rampant problems, such as smuggling and corruption in intergovernmental dealings, would be far easier to control with a responsible democratic government in Rangoon.

ASEAN is particularly suffering from the ever-increasing flow of heroin and opium from the Golden Triangle,

both from its devastating social effects and the international disgrace it brings to the region. The secretary-general of Thailand's Narcotic Control Board recently acknowledged that the lack of cooperation from Burma is a major obstacle to stemming this flow, now estimated to be half the world's production.

This means lack of cooperation from the SLORC, as most of the narcotic producing areas and drug routes are under the junta's control. In those areas the SLORC is widely acknowledged to be involved in the narcotics trade, while in others it has made agreements with local drug-running armies. All past aid, given to the SLORC and their predecessors for drug eradication has been redirected to their trade. US Drug Enforcement Agency (USDEA) and the United Nations Drug Control Program (UNDCP) statistics confirm this expansion.

To support its military, the SLORC is also raping resources at unprecedented rates. Although this is generating short term profits for foreign companies, it could seriously damage the environmental balances of the region in the long term. Thailand has already seen the effects of uncontrolled deforestation to the point where it has banned logging. This year's devastating drought in northeastern Thailand was brought on by deforestation.

Should Burma continue to suffer the world's highest deforestation rate, it may not be long before similar droughts become the pattern in western Thailand as well.

Short-term profit must be weighed against the long-term benefits of doing business in a stable democratic country. Trade is now severely impaired by nationwide civil war, which will never end as long as the SLORC is in power. Foreign companies are also subject to the whims of Burmese generals, and must continually pay huge bribes simply to conduct business. Wiping out such corruption, and managing resources for the sustainable long-term benefit of all concerned will only be possible once a democratic government takes power.

Before the advent of dictatorship, Rangoon was a modern trade centre. Now Burma has become a least-developed country of grinding poverty and starvation, a basket case for foreign aid.

Meanwhile, the generals only use constructive engagement to prop them up while they become increasingly close to China. While the Thai border was closed this year, trade over the Chinese border was flourishing like never before, in resources, narcotics, and arms. The SLORC is becoming more dependent on China as its strongest ally while China is consolidating its influence over the Burmese economy and the regime itself. Should ASEAN continue to prop up the SLORC in the near term, it may later find itself shut out of a Burma which has effectively become an economic and political province of China.

Today people throughout Asia and the world are demanding an end to military dictatorship. It is only a matter of time before any military dictatorship falls,

especially one as widely hated as the SLORC. The people of Burma only asks that other nations respect their aspirations by not actively supporting the SLORC. Everyday since its formation the SLORC has proven that it has no conscience, no vision of a future Burma, and no ideology except power. It cannot be motivated to change through the subtle inducements of constructive engagement.

It buys arms with foreign trade profits to crush its own people, and uses recognition in international fora such as the UN and ASEAN only as a false mandate to oppress them. It is impervious to reason in this fora. Refugees continue to stream across the borders, upsetting regional stability. Narcotics stream out of SLORC areas of Shan state, resources are depleted and irreplaceable, and the country sinks further into poverty while the civil war rages on.

Constructive engagement does not solve any of these problems, but only exacerbates the long-term harm of all ASEAN nations while tarnishing ASEAN's image internationally. As long as the SLORC stays in power the civil war cannot end and none of these problems can be solved. The only way to help Burma become a productive member of Southeast Asia is to disengage the SLORC and let the people have their say. The people of Burma would greatly appreciate such a show of solidarity from their ASEAN neighbours.

Karen Group Affirms Opposition Unity

BK2608055392 Bangkok BANGKOK POST in English
26 Aug 92 p 5

[From the "Post Bag" column—signed by the "Karen National Union"]

[Text] After reading the "Outlook" article wherein Pyi Thein (John Maxwell) attempts to glorify himself and his ragtag band of Burmese rebels by discrediting the valid opposition in Burma, we would like to set the record straight.

Pyi Thein tries to pass off the ethnic peoples of Burma, who together make up 40 percent or more of the population, as a pack of wildmen who enjoy disembowelling people. These same lies can be seen in the SLORC [State Law and Order Restoration Council] media every day, but it is strange to hear them from someone who claims to oppose the SLORC.

He forgets to mention that in fact the Karen, Mon, and other ethnic governments have been administering health, education, and other systems for over four decades while defending large liberated areas against Burmese attack, and have been fighting as allies in the National Democratic Front since 1976. We do not disembowel people. The Burma Army, on the other hand, has been raping, torturing, mutilating, murdering, and enslaving Karen and other ethnic villagers as a matter of policy ever since U Nu came to power in 1948.

It was he and his "Anti-Fascist People's Freedom League" which ignored Aung San's Pang Long agreement and plunged the country into civil war by attacking the Karen in 1949. If, as Pyi Thein claims, there was no public support for revolution during U Nu's time, then who were the 400,000 Karen people who demonstrated against U Nu's racist policies on February 11, 1948? And why have the ethnic armies never faced a shortage of willing recruits or support, as Pyi Thein has? Because the people are our Revolution. The ethnic peoples do not want to conquer Burma. We only want to protect our homes, families, and way of life from unprovoked and brutal Burmese aggression.

Thousands of Burmese students, monks, and other Burmans have recognised this, and have united their goals and their struggle with ours. Since 1988, 22 ethnic and Burman organisations, consisting of tens of thousands and representing the ideals of millions, have been working together as the Democratic Alliance of Burma (DAB). This year Karen and Burmans fought side by side in the successful defence of Manerplaw against several SLORC divisions, and right now the DAB is finalising, together with elected Burmese MPs of National Coalition Government the Union of Burma, a joint Constitution for a democratic Federal Burma.

Meanwhile, Pyi Thein sits under his tree and claims that we "lack cohesiveness" and the Burmans don't trust us—and concludes that all Burmans should change their "focus" to him, Pyi Thein, to conquer Burma in the name of Burman nationalism and then, no doubt, to conquer the ethnic peoples. If there is any Burman distrust of the ethnic peoples, it is only a result of 44 years of Burmese propaganda under U Nu, Ne Win, and now the SLORC. Does Pyi Thein hope to be next? His policies certainly seem indistinguishable from those of the SLORC. The true Burman and ethnic opposition is already united politically and militarily and is endeavoring to topple the military rulers. The people of Burma have already had more than enough of dictators and chauvinism.

Malaysia

Mahathir Confirms NAM Summit Attendance

*BK2508135292 Kuala Lumpur Radio Malaysia
Network in English 1330 GMT 25 Aug 92*

[Text] Malaysia will attend the Nonaligned Movement, NAM, summit in Jakarta next week even though it does not agree to Yugoslavia's presence. Prime Minister Datuk Sri Dr. Mahathir said today Malaysia would abide by the majority decision on the question of Yugoslavia's presence at the summit even though it no longer recognized that country. Malaysia has been studying whether to propose to the conference to reject Yugoslavia. Datuk Sri Dr. Mahathir was responding to newsmen's queries after opening the [words indistinct] gathering at the Putera World Trade Center in Kuala Lumpur. Indonesia, host of the 10th NAM summit, has said it had invited Yugoslavia.

On the statement made yesterday that users of the Straits of Malacca paid for maintaining the waterway, Datuk Sri Dr. Mahathir said Indonesia, Singapore, and Malaysia should hold talks on a common approach to the issue. He had said it was unfair to expect Malaysia to maintain the straits without financial help from countries or shipping companies which used the waterway. More than 200 ships pass through the straits daily.

Economic, Technical Pact Signed With Bangladesh

*BK2508115092 Kuala Lumpur BERNAMA in English
1053 GMT 25 Aug 92*

[By Shafiqul Bashar]

[Text] Dhaka, Aug 25 (OANA-BERNAMA)—Malaysia and Bangladesh Tuesday signed an economic and technical cooperation agreement which provides for the setting up of a joint commission headed by their foreign ministers. Foreign Minister Abdullah Ahmad Badawi and his Bangladesh counterpart Mustafizur Rahman signed the pact in a simple ceremony at the State Guest House "Meghna" here.

The commission is to expand cooperation between the two countries in trade, industry, agriculture, education, health, environment, manpower, and science.

A Bangladesh Foreign Ministry official told newsmen that the commission will meet yearly either in Dhaka or in Kuala Lumpur.

The commission was inaugurated soon after the agreement was signed and officials of both sides began deliberations on cooperation between the two countries in the different sectors.

Foreign Ministry Deputy Secretary General Abdul Halim Ali is leading the Malaysian side in the discussions with the Bangladesh team led by A.M. Shawkat Ali of the Economic Relations Division of the Bangladesh Finance Ministry. Prior to signing the agreement, the

two foreign ministers discussed bilateral, regional, and international issues for an hour. The two sides expressed identical views on various international issues, the official added.

They also exchanged views on the Nonaligned Movement (NAM) summit due in Jakarta next month and the worsening situation in Bosnia-Herzegovina. Abdullah told newsmen later that the commission would provide a framework to expand cooperation between the two countries. It will bring the two countries closer, he added.

Both Malaysia and Bangladesh wanted "an immediate political solution" to the problems of Bosnia-Herzegovina, he said.

Singapore

National Development Minister Resigns Post

*BK2408151492 Singapore Singapore Broadcasting
Corporation in English 1100 GMT 24 Aug 92*

[Excerpts] Mr. Dhanabalan has tendered his resignation as minister for national development to return to the private sector. A statement from the Prime Minister's Office says the president has accepted the resignation, which takes effect from the first of next month. Dr. Richard Hu will be appointed minister for national development. He will remain the minister for finance.

Mr. Dhanabalan has been a member of the cabinet since June 1980. In a letter to Mr. Dhanabalan, Mr. Goh Chok Tong says he is extremely reluctant to accept the resignation. He noted that Mr. Dhanabalan, together with his younger ministers in 1985, had succeeded in leading a team after the 1984 general elections. [passage omitted]

The prime minister said he fully understood Mr. Dhanabalan's personal reasons for leaving the cabinet. He said he is only sorry that he has chosen to [words indistinct] parliamentary term as a minister. The prime minister noted that Mr. Dhanabalan had told him before the general elections last year that he did not want to contest. Mr. Goh asked him repeatedly to do so and Mr. Dhanabalan agreed. [passage omitted]

Cambodia

Khieu Samphan Makes 'New Proposal' at SNC

*BK2608035792 (Clandestine) Voice of the Great
National Union Front of Cambodia in Cambodian
2330 GMT 25 Aug 92*

["Statement dated 22 August 1992 made by His Excellency Khieu Samphan, member of the Supreme National Council [SNC] and head of the Party of Democratic Kampuchea [PDK], at the 24 August 1992 SNC meeting"—read by announcer]

[Text] I would like to be permitted by the prince head of state and SNC chairman to present to Your Royal

Highness and the SNC the PDK's new proposal dated 22 August 1992 on the SNC's role and the implementation of the second phase. Before detailing the proposal's content, I wish to first recall the cause of the current deadlock of the Paris accord's implementation.

Nine months have passed since the signing of the Paris 23 October 1991 accord. At present, the Cambodian people as well as the entire international community is terribly anxious regarding the future of the Paris accord. Militarily, the Paris accord's key provision concerning the verification of the withdrawal of all categories of Vietnamese aggressor forces from Cambodia has not yet been executed; this is completely opposite to the hope of the Cambodian people and international community.

As a matter of fact, since the signing of the Paris accord, the Vietnamese aggressor forces have disguised themselves as the Phnom Penh regime's troops and have continued to carry out attacks against the National Army of Democratic Kampuchea on the battlefield. Their goal is to preserve the regime they have installed in Phnom Penh since 1979 for the purpose of covering up their continued aggression and occupation of Cambodia. As for the Vietnamese settlers, they continue to flow into Cambodia in growing numbers because no control is exercised. Among those Vietnamese settlers are also disguised Vietnamese troops who continue to come to Cambodia. The transitional administration in Cambodia [rathaka bandaoh asan neou kampuchea] has not provided any clue for confronting the issue, which has seriously affected Cambodia's destiny. Actually, the UN Transitional Authority in Cambodia [UNTAC] is duty-bound to verify and make the Vietnamese, who are a signatory to the Paris accord, respect Cambodia's sovereignty, independence, territorial integrity, neutrality, and national unity.

The political situation also contrasts sharply with the unanimous wish of the Cambodian people and international community, especially that of the ASEAN states. This means that the SNC, chaired by Head of State Prince Norodom Sihanouk, still has no power and means to perform its supreme task and to cooperate with the UNTAC in implementing the Paris accord correctly and impartially. By all means, the Paris accord clearly stipulates that the SNC is the sole legitimate body and source of authority in Cambodia throughout the transition. Conversely, the regime that the Vietnamese aggressors installed in Phnom Penh continues to carry out activities, as it is the owner of the country. As such, what they have said is totally different from the actual state of affairs. At the SNC meeting in Siem Reap on 5 August 1992, His Excellency Akashi himself also admitted that no government should exist in Cambodia during the transitional period, that all power should be assumed by UNTAC and the SNC, and that the SNC represents Cambodia's sovereignty.

Economically and socially, the overwhelming majority of the Cambodian people are living in extreme poverty. Having witnessed this situation, a foreign observer

clearly wrote: The majority of the Cambodian people are terribly anxious because they have seen that their country is being expropriated. He added that officials of the Vietnamese-installed regime in Phnom Penh spearheaded the seizure and sale of the nation's property in violation of financial laws and banking regulations. He confirmed that since the UN presence in Cambodia, riel currency has been devalued 100 percent. Those who have dollars in their possession have become richer. As for the masses and people, they have become poorer and poorer everyday. This situation can endanger the peace process and the people may revolt one day because they can no longer be patient.

I am of the opinion that in order to arrive at a solution, the accord, specifically the two key aspects, should be executed justly and impartially. On 22 August 1992, the PDK put forth a new proposal for this aim:

1. The PDK is prepared to enter the second phase provided that correct measures are taken to hand over all power and necessary means to the SNC so as allow the latter to carry out its task as the sole legitimate body and source of authority in Cambodia. This is to enable the SNC, chaired by Head of State Prince Norodom Sihanouk, to take initiative and measures to gradually achieve national reconciliation and, at the same time, create favorable conditions for the close cooperation between the SNC and UNTAC in executing the accord. This is in line with the unanimous wish of all of us and in accordance with the essence and spirit of the accord itself.

2. In the aforesaid spirit, the PDK proposes that, among the appropriate measures, a consultative commission of the SNC within the existing administrative structures and police forces of the four Cambodian parties be set up under the chairmanship of UNTAC. The consultative commission is entrusted with the task of assisting UNTAC in supervising the incumbent administrative structures and police forces of all the Cambodian parties. The commission should also make sure that nothing is hidden within the administrative structure of each Cambodian party and that all the Cambodian parties have mutual trust, thereby allowing for national reconciliation and a neutral political atmosphere.

Only by doing so can general elections be organized freely, democratically, and justly. In addition, the PDK also holds that it is imperative that representatives of the four parties become involved in controlling and supervising the regrouping and disarming of the four parties' troops as well.

Revered prince and ladies and gentlemen: the PDK's new proposal once again emphatically shows that the PDK constantly stand by the Paris accord. I sincerely believe that all parties concerned will pay maximum attention to the new proposal so as to allow the peace process to proceed appropriately in keeping with the wish of the entire Cambodian people and international community.

UN Said Discussing New Proposal

BK2608041792 (Clandestine) Voice of the Great
National Union Front of Cambodia in Cambodian
2330 GMT 25 Aug 92

[Text] On 24 August at the office of the Party of Democratic Kampuchea [PDK] in Phnom Penh, Mr. Mak Ben, a PDK spokesman, met with Phnom Penh-based international correspondents. Mr. Mak Ben told them that a PDK spokesman will hold a news briefing every Monday to clarify the PDK's stance.

Mr. Mak Ben added that at a meeting of the Supreme National Council [SNC] on 24 August 1992, His Excellency [H.E.] Khieu Samphan put forth the PDK's new proposal dated 22 August 1992, with the following two important points:

1. The PDK is prepared to enter the second phase if the SNC is entrusted with power and necessary means to carry out its task as the sole legitimate body and source of authority in Cambodia. This is to enable the SNC to cooperate with the UN transitional administration in Cambodia in implementing the Paris accord.
2. The PDK proposes the setting up of a consultative committee [k'nak kammathika proeksa] within the existing administrative structures and police forces of the four Cambodian parties.

So far positive and encouraging reactions have been received. H.E. Sadry, deputy representative of the [UN] secretary general, has informed us that the UN secretary general is considering our new proposal with interest and that the UN Security Council, particularly the council's five permanent members, are in the process of discussing the PDK's new proposal as well.

Further on Communique of 24 Aug SNC Meeting

BK2608123092 Phnom Penh Samleng Pracheachon
Kampuchea Radio Network in Cambodian 1100 GMT
26 Aug 92

["Communique on the the meeting of the Cambodian Supreme National Council;" place and date not given]

[Text] At 0900 on 24 August 1992 at Damnak Chan pavillion, the Cambodian Supreme National Council [SNC] met under the lofty chairmanship of His Royal Highness [HRH] Prince Norodom Sihanouk, head of state and chairman of the Cambodian SNC, with the participation of Berhoos Sadry, deputy chief special representative of the UN Transitional Authority in Cambodia [UNTAC]. Representatives of the five permanent members of the UN Security Council and Indonesia, the cochairmen of the Paris conference on Cambodia, and a number of observers were also present.

1. Review of new developments.

Statements were made by HRH Prince Norodom Sihanouk and Sadry who reported on the control mechanism

of civilian administration, repatriation, the military situation, and the future constitution. Furthermore, Khieu Samphan made a statement on the proposal concerning the role of the SNC and the implementation of the cease-fire's second phase. Hun Sen and Prince Norodom Ranariddh also made statements.

Sadry said that the text of Khieu Samphan's proposal has been forwarded to the UN secretary general as requested and will be carefully studied by UNTAC.

2. Temporary registration of various political parties in accordance with the election law.

Statements were made by HRH Prince Norodom Sihanouk and Sadry. Sadry made a statement on the adoption of the election law and its dissemination among various organizations wishing to register political parties. Sadry also made a statement on the draft and procedure, to be provided later, dealing with various factors concerning the temporary registration of all political parties and the necessity of providing full rights and freedoms—the freedom to travel, freedom to meet, and so on—and on the duty of UNTAC to ensure and facilitate the exercise of these rights and freedoms.

3. Statement on the principle governing Cambodia's legal network, the penal code and its procedure.

Statements were made by HRH Prince Norodom Sihanouk, Sadry, Hor Namhong, Son Sann, Ieng Muli, Hun Sen, and Khieu Samphan. The meeting participants decided to further examine this statement at the technical level with the full participation of all four parties. A joint statement will be submitted to the next SNC meeting.

4. Cambodia's territorial integrity.

Statements were made by HRH Prince Norodom Sihanouk, Sadry, Son Sann, Dit Munti, Hun Sen, Khieu Samphan, and Hor Namhong. Son Sann suggested the establishment of a technical advisory committee on this issue. Sadry accepted this proposal for study.

5. The SNC's agreement on the rehabilitation program.

Statements were made by HRH Prince Norodom Sihanouk, Sadry, Khieu Samphan, and Son Sann.

After discussing the issues in the report submitted to the SNC, the SNC agreed on the following programs:

- Language and educational assistance
- Mission in Cambodia to develop fisheries
- Upgrade the status of ferries in Cambodia
- Evaluation of water assets for a hydropower plan
- Supply of chemical fertilizers
- Production and natural rubber trade
- Expenditure program and audit of public finance

6. Miscellaneous.

The next meeting of the SNC will be on 10 September 1992 at 1400 in Siem Reap.

Election Proposal Hailed, Sihanouk Supported

*BK2608092392 Phnom Penh Samleng Pracheachon
Kampuchea Radio Network in Cambodian 2300 GMT
25 Aug 92*

[PRACHEACHON editorial: "Fully Support the Royal Candidacy for the Position of President or Head of State of our People's August, Respected, and Beloved Royal Highness, Prince Norodom Sihanouk"]

[Text] Starting from the sole desire to achieve peace and national reconciliation, which are vital for the destiny of Cambodia and the Cambodian people, the State of Cambodia recently put forward a proposal of utmost importance. This was for the holding of an election to choose Cambodia's president or head of state before the election to choose a constituent assembly, by affirming full and unwavering support for the royal candidacy of His Royal Highness [HRH] Prince Norodom Sihanouk for the post of a president or head of state with full authority to serve as a support for the country, nation, and people, and as the core for rallying various political forces in Cambodian society.

The Cambodian people nationwide are proud of and unreservedly support this significant proposal by the State of Cambodia, which is fully in accordance with the persistent desire of our people. It is also an indispensable condition of the process to build peace, national reconciliation, and national reconstruction now and in the future. We highly value this proposal by the State of Cambodia, which again shows astute leadership, a spirit of responsibility, and consideration for the genuine interests of the Cambodian nation and people.

Historical experiences concerning the real situation of the Cambodian society and nation and the 10 months of the implementation of the Paris peace agreement have clearly shown that only HRH Prince Norodom Sihanouk is an astute leader with powerful influence, the symbol of national union, a warm support full of hope, and the core in rallying all political forces in society in all situations and circumstances.

At a time when the implementation of the Paris agreement is facing a crisis—precipitated by the Khmer Rouge, who are seeking to destroy the agreement and one of the great, expensive peacekeeping operations in the history of the United Nations—the fact that Cambodia has a president or a legitimate head of state such as HRH Prince Norodom Sihanouk, who is directly elected by the people, would help achieve the implementation of the Paris agreement and particularly assist in creating a neutral atmosphere and all-round stability in the last phase of the transitional period, as well as the phase of the election to choose a constituent assembly and the establishment of a new government. It would also avoid new major or minor crisis which could eventually arise after the UNTAC [UN Transitional Authority in Cambodia] ends its mandate in Cambodia.

Since this proposal by the State of Cambodia does not deviate from the original essence of the spirit of the Paris agreement, and would in fact help the successful implementation of the agreement in responding to the belief and hope of national and international public opinion, we hope that the Supreme National Council, UNTAC, the international community, and those with genuine goodwill to really resolve the issue of peace and national reconciliation in Cambodia, will certainly welcome this significant proposal by the State of Cambodia.

It is now necessary to encourage those who have made efforts to strictly implement the Paris peace agreement and to support all measures benefiting the peace process and national reconciliation in Cambodia. Our people throughout the country solemnly affirm their support for the royal candidacy for the post of president or head of state of our revered and beloved HRH Prince Norodom Sihanouk and express the belief that the prince alone has the influence and ability to genuinely achieve peace and national reconciliation in our beloved motherland.

Sihanouk Shares Malaysian Aid Among 4 Factions

*BK2408080592 Phnom Penh Samleng Pracheachon
Kampuchea Radio Network in Cambodian 0430 GMT
24 aug 92*

[Prince Norodom Sihanouk's 23 August message to the people—read by announcer]

[Text] Dear compatriots: I, your Prince Father, have the honor of informing you of the following: The government of Malaysia has just presented me with 67 metric tons of vegetable oil to be handed to all of you, respected Cambodian people. I have given Malaysia's very generous and fraternal gift for the respected Cambodian people to the representatives of the four Cambodian factions. The State of Cambodia faction [SOC] gets 50 percent of the entire aid. The FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] faction, the Khmer People's National Liberation Front [KPNLF] faction, and the Democratic Kampuchea [DK] faction get the other 50 percent.

The representatives of the four factions have received from me the aid which is to be distributed to the people in their respective zones and in the presence of Malaysian ambassador His Excellency [H.E.] Deva Mohamed Ridzam Abdullah. The SOC faction was represented by H.E. Khieu Kanharit, H.E. Chum Bunrong, and H.E. Dr. Som Vitthya; the KPNLF faction by H.E. Penn Thol; the FUNCINPEC faction by H.E. Veng Sereivut; and the DK faction by H.E. Dr. Mak Ben.

With deepest affection from your Prince Father.

[Made in] Phnom Penh, 23 August 1992

[Signed] Norodom Sihanouk

Thai Princess Sirinthon Arrives for Visit 25 Aug

*BK2608065492 Phnom Penh Samleng Pracheachon
Kampuchea Radio Network in Cambodian 0430 GMT
26 Aug 92*

[Text] On the morning of 25 August, a delegation from the Royal Kingdom of Thailand led by Princess Maha Chakkri Sirinthon, accompanied by His Excellency Asa Sarasin, Thai foreign minister, arrived in the State of Cambodia [SOC] for a three-day visit from 25 to 27 August 1992. On hand to welcome the royal delegation at Pochentong Airport were Prince Norodom Sihamoni; H.E. Hor Namhong, SOC foreign minister; Mr. Long Visalo, SOC deputy foreign minister; and several other officials.

H.E. Sunai Bunyasiriphan, extraordinary and plenipotentiary ambassador of the Royal Kingdom of Thailand to Cambodia, was also present.

Laos

Deputy Premier Meets Thai Banking Group

*BK2408065592 Vientiane Vitthayou Hengsat
Radio Network in Lao 0500 GMT 24 Aug 92*

[Text] On 22 August, Khamphoui Keoboulapha, deputy prime minister and minister of economy, planning, and finance, received a courtesy call from governor of the Bank of Thailand Dr. Wichit Suphinit and his delegation, who are visiting Vientiane. Khamphoui Keoboulapha hailed the Thai delegation's visit for consultations with the Lao side on past and present Lao and Thai banking operations, with the aim of strengthening Lao-Thai friendship.

On the afternoon of the same day, Mrs. Pani Yathotou, governor of the Bank of the Lao People's Democratic Republic [LPDR], and Wichit Suphinit, governor of the Bank of Thailand, and senior officials from both sides held a consultative meeting on current banking operations in Laos and Thailand. The two sides raised many issues at the meeting, including cross border trading, deposit accounts of Lao clients in Thai banks, reciprocal benefits in opening business branches, and assistance in various fields from the Bank of Thailand to the Bank of the LPDR, including short-term training, exchange of visits, and exchange of views among banking officials of the two countries. After the meeting, the technical officials of the two national banks signed a memorandum to further study these areas.

Dr. Wichit Suphinit and his delegation arrived in Vientiane on the morning of 22 August for a three-day working visit to Laos.

Paper Marks 17th Anniversary of LPDR Government

*BK2308090792 Vientiane Vitthayou Hengsat
Radio Network in Lao 0000 GMT 23 Aug 92*

[PASASON 22 August editorial: "Promote and Expand the August Spirit; Advance the Restructuring Cause"]

[Text] Taking advantage of the defeat suffered by the Japanese fascists in World War II, on 23 August 1945 the Vientiane residents unitedly rose up and fought to seize the administrative power and then set up the Lao Government. Following the seizure of power, Laos proclaimed before the world its independence on 12 October of the same year. Thirty years later, the Lao people, under the leadership of the former Indochinese Communist Party or the present Lao People's Revolutionary Party [LPRP], carried out the struggle against old and new colonialists and systematically won victories.

Taking advantage of the situation in which the Vietnamese people achieved victory in the struggle to liberate southern Vietnam, on 23 August 1975 the Vientiane residents, together with the multiethnic Lao people across the country, staged uprisings and overthrew the Vientiane administration, replacing it with a popular administration. On 2 December that year, the nationwide congress of people's representatives was held. Delegates to the congress announced the dissolution of the backward feudal system and the establishment the Lao People's Democratic Republic [LPDR].

These were the historic events which occurred in the month of August. Since then, August has become the historic milestone of the Lao nation. It is seen as the month which symbolizes the spirit of heroic struggle of the multiethnic Lao people of all strata. It is also seen as the month which illustrates the spirit of united struggle for the independence, freedom, and happiness of our Lao people.

Enhancing the August spirit, over the past 17 years of the defense and construction of the country under the conquering banner of the LPRP, with beloved and respected Chairman Kaysone Phomvihane as leader, our Lao people have overcome fiery trials amid serious difficulties and have produced results in many fields for the nation. The secure existence and the firm stability of the LPDR, the target of destruction by various hostile powers; the achievement of virtually self-sufficient production of food grain, with a total of more than 1.4 million metric tons per year, something never before achieved in the long history of the Lao people; the successful construction of communications lines throughout the country guaranteeing traffic service in all seasons; and the turning of the country from a consumer society selling only foreign goods into a country producing and exporting certain types of goods, have reflected the profound and truly revolutionary change of our society. In other fields, beginning from socioeconomic backwardness, our country has been able to build schools, hospitals, and other projects which serve as the basis for the building of manpower resources and which can provide the welfare for and serve the basic requirements of the people both in towns and rural, remote areas. These have shown the firm determination and intention of our party and state to strengthen the nation and bring prosperity to the people.

Adhering to the people's line and for the benefits of the people, over the past 17 years we have successfully tried to turn the status of the laboring people, changing them from being people who maintained no rights to mastery in the past into people who can now enjoy a ruling status and who have maintained the rights to mastery in all respects, these being recognized by the constitution and the laws.

All these are the great efforts and undeniable achievements of the party and state concerning the nation and people. Nevertheless, it is certainly impossible in a short period of time to free a backward and poverty-stricken country like Laos from poverty and backwardness and to help it catch up with a country which has already been developed for centuries. We need many more years before we can change the said backward situation. However, we are capable of settling all those backward matters in the future.

August 23 has come to us again amid complex changes in the world. It is a situation in which various hostile powers have not yet abandoned their schemes of sabotaging the LPDR. In light of this situation, it is necessary that everyone heighten vigilance and turn the August spirit—the traditional, heroic spirit of patriots of the past generation—into a spirit of struggle to fulfill the cause of defending and developing the country. People of all branches of service are requested to raise the spirit of responsibility, comply with regulations and discipline in engaging in labor, and strive to study with a view to fulfilling their respective tasks. In the immediate future, attention must be paid to stepping up the seasonal rice farming, effectively taking care of rice plants, making preparations for the opening of the new school year, and carrying out activities aimed at maintaining public security and social order.

Celebrating the August revolution, let us adhere to the revolutionary goal and implement the restructuring line with a view to making the country stronger and enabling the people to enjoy prosperity. Long live the 23 August spirit!

'Success' of People's Assembly Session Reported

*BK2608093192 Vientiane Vitthayou Hengsat
Radio Network in Lao 1400 GMT 25 Aug 92*

[Text] On the morning of 24 August, Chaleun Yiapaoheu, member of the Supreme People's Assembly (SPA) Standing Committee, held a news conference to publicize the success of the ninth ordinary session of the Second SPA. Attending the news conference were foreign diplomats and representatives of both domestic and foreign mass media agencies in Laos.

In the news conference, Chaleun Yiapaoheu said: The session was held from 17 to 19 August. During the session, delegates discussed and reached unanimity on certain issues concerning the election of the Third National Assembly, which will be organized in the near future. The delegates to the session also discussed and

reached an agreement on some other basic issues. Following the discussion of the issues, we acknowledged the present world situation and agreed that under the situation the National Assembly to be elected must be a politically firm assembly which can guarantee the successful fulfillment of its duties during the period of the comprehensive implementation of the party's new, restructuring policy in order to be worthy of being a legislative organization able to fulfil its normal roles and responsibilities.

Another significant issue is that the delegates to the session unanimously agreed that the quality of the National Assembly must be shown through the standard qualifications of candidates who stand in the election for membership in the National Assembly. The qualifications of the elected candidates are considered an important factor which guarantees the organizational system and activities of the new assembly in managing the state through the implementation of regulations and laws and creating favorable conditions for social activities so as to maintain peace and order. The delegates also agreed on the point that the structure of the new National Assembly should be a structure which reflects the national concord and solidarity among the multiethnic people of all strata. It should be also a structure which guarantees the national, international, and class characteristics, with workers, students, and intellectuals as the main core and with the party as leader.

Philippines

Dangers of Ramos Security Measures Analyzed

*HK2508054892 Manila THE CHRONICLE in English
25 Aug 92 p 4*

[Editorial: "Security Measures May Destroy Citizen's Rights"]

[Text] The Government of President Ramos is confirming its right-wing character. One of its priorities is to establish political stability. In pursuit of this goal, it has embarked on a campaign against crime, specifically kidnapping, drug traffic, car theft, and corruption in the law enforcement services.

So far, so good. No one can quarrel over this priority and the arguments behind it. It so happens, however, that emphasis on law and order, while desirable, offers a clue to a dangerous thinking lurking behind the cloak of political stability. Therefore, the law and order campaign should be seen as a facet of a number of other projects that could curtail the political rights of citizens and allow the state security apparatus to snoop into their private lives.

Three projects profile the making of a security, siege-oriented state. The first is Administrative Order No. 2, broadening the powers of the National Security Council (NSC) and expanding intelligence collection activities to include economic information. The second is a bill seeking

to install an ID system. The third is the reimposition of the death penalty for so-called "heinous crimes."

Examined separately, these projects look harmless. In fact, it is hard to argue against the concept of expanding the range of intelligence collection. Reorientation of these activities is needed to give the state information with which it could promote the new aims of foreign policy and of economic development. What is important is who heads this apparatus whose powers have been enhanced. The NSC and the Nica (National Intelligence Coordinating Agency), both of which have now broadened their surveillance functions, can be easily used to spy on inconvenient citizens and groups, depending on whether its head has a police state mentality or not. There are many who accept the concept of A02 [Administrative Order No. 2] but doubt whether General Jose Almonte, its present chief, is the right man to lead the NSC, given his predilections for James Bond, cloak-and-dagger enterprises.

The ID system is a pet project of President Ramos. He broached it in 1989 when the government was nearly toppled by the rightist military coup. It was offered as a panacea to strengthen the government against military conspiracies and to fight crime. An ID is an open book containing leads to other information, such as taxation, domicile, movement of people, private family particulars, bank accounts. It is a fiendish mini-biography of citizens, allowing the security apparatus to pry needlessly into one's personal life and transactions. As such, it is an instrument for political control and even blackmail.

Those who support the ID system argue that it is not only useful in fighting crime, but also could help the government reduce red tape and facilitate data gathering for national development. The last two objectives are window dressing. An ID is not the most effective way of fighting criminals. It ignores the factor that so long as the judicial system is corrupt and grinds slowly, and so long as the law enforcement officers are corrupt, law and order campaigns can only go so far.

The more sinister aspect—that for political control of the population—of the ID is revealed by House Bill 162. It requires citizens to carry their IDs at all times; to report to the police when visiting a locality for at least three days; and to report that length of stay and the names and addresses of persons being visited. This requirement puts all citizens under doubt, and presumes they are up to no good, unless proved otherwise. Other countries are less crude. In France, visitors in smaller cities and towns are known to the police through hotel concierges. In China, an authoritarian state, specially during the Cultural Revolution, citizens could not move from city to city without permission.

The ID system raises the spectre of an Orwellian all-seeing state. Indeed, there is already available a structure for collection of many types of information on citizens through credit card systems, bank accounts, the TIN [Taxpayer's Identity Number] and social security data.

All one needs is a computer linkage. We don't need the state to institutionalize the dossier project.

As to the death penalty, the argument that it serves as a deterrent to outrageous crimes has been increasingly turned on its head by scientific data. But, since its proponents are impervious to evidence, they become even more vehement as their position loses logic. The main force driving this campaign for the death penalty is ignorance and the barbaric notion of an eye for an eye. It is driven by lust for revenge.

In all these projects, the government is presenting them as motivated by higher state goals. But they have the potential to destroy citizens' rights. They offer open-ended opportunities for abuse by public authority, especially if it is obsessed by security considerations.

Abadia Says Armed Forces Not To Be Revamped

HK2608014492 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 25 Aug 92

[Text] General Abadia, Armed Forces of the Philippines [AFP] chief of staff, said after a meeting with President Ramos that there will be no revamping of the AFP. Abadia added that the president explained to him that he wanted reform within the AFP and not a revamp. The AFP chief of staff said the president advised him to properly use resources within the AFP and avoid creating redundant offices.

Official Discusses AFP Revamp Issue

HK2608083492 Quezon City MALAYA in English 26 Aug 92 p 1

[By Noel Bartolome]

[Text] Press Undersecretary Honesto Isleta yesterday said any changes President Ramos will undertake in the Armed Forces will come about from retirement of top military officers, and not from charges of corruption or mismanagement.

But Isleta refused to comment on reports that Gen. Lisandro Abadia, AFP [Armed Forces of the Philippines] chief, will go the way of Director General Cesar Nazareno, the former chief of the Philippine National Police [PNP] who was fired by the President for alleged inefficiency and mismanagement.

Reports at Camp Aguinaldo said Abadia may be replaced by Maj. Gen. Arturo Enrile, army commanding general.

"I am not aware of any sweeping AFP revamp, except that to be generated by the retirement of several ranking generals," Isleta said. Isleta was in Camp Aguinaldo to attend to the launching of the Gawad Oscar Florendo [Oscar Florendo Award] for outstanding government information project.

Key officers due for retirement are Lt. Gen. Guillermo Flores, AFP vice chief of staff; Major Generals Gumerido Yap, Southcom [Southern Command] chief, and Epineto Logico, Western Command chief; Brig. Generals Miguel Hinlo, AFP deputy chief for material development; Jose Capa, AFP inspector general; Eduardo Fernandez, Army 3rd Division chief; Brigido Paredes, Navy vice chief; and Artemio Tadiar, Subic Naval Base Command chief; Commodores Eduardo Domingo; Ruben de la Cruz, chief of the Naval Support Command; Marino Panes, Naval Training Command chief, and Edgardo Callos, Naval District VI chief.

Brig Gen Romeo Padiernos, AFP Civil Relations chief, said at least ten lower and middle-level positions are affected each time a general retires.

Ramos said Monday [Aug 24] the revamp of the PNP is part of his plan to institute wide-ranging changes in several government offices, including the AFP.

The changes, which Ramos said would occur after ten days, would be based on performance and credibility of the agency and its officers.

Aside from the PNP and AFP, Ramos said he would specifically institute changes in the Philippine Charity Sweepstakes Office, Public Estates Authority, Bureau of Internal Revenue, Philippine Coconut Authority, and the agencies under the Office of the President.

Formation of Police Auxiliary Forces Approved

HK2608015292 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 25 Aug 92

[Text] The National Police Commission has approved the establishment of police auxiliary forces under the Philippine National Police [PNP].

Rafael Alunan, Department of Interior and Local Government secretary, clarified that the PNP will have direct control over the Auxiliary Police Forces, although the local government will fund its operation.

Earlier, Metro Manila local officials requested additional forces for effective implementation of laws and programs by the present administration.

Communists Said in Dispute Over Amnesty Issue

HK2408092892 Manila PHILIPPINE DAILY INQUIRER in English 22 Aug 92 pp 1, 13

[By Dario Agnote]

[Text] Military officials yesterday claimed the amnesty issue has triggered serious disputes within the ranks of the communist insurgents.

As a result, they said, communist field leaders have ordered mobilization plans intended to counteract government moves and to divert attention from the issue.

Meanwhile, Defense Secretary Renato S. de Villa said the government had started reviewing the cases of all prisoners facing rebellion and other national security charges to determine who among them will qualify for release.

De Villa said rightist rebels charged with mutiny would be among the first beneficiaries of the amnesty program planned by the government.

The military claimed it has monitored regional disputes within the hierarchy of the outlawed Communist Party of the Philippines [CPP] and its armed wing, the New People's Army, [NPA] particularly in the Visayas.

It said the reported disputes confirmed earlier government reports that the CPP-NPA command was itself divided on whether or not to respond positively to the Ramos administration's amnesty offer as well as other enticement that would allow the CPP to operate openly as a legal organization.

Reportedly first to respond to the brewing intra-party discord were leaders of the CPP's Central Visayas Regional Party Committee (CVRPC) which drew up a contingency plan aimed at keeping members busy with "political and economic programs in the countryside."

According to military intelligence reports, party leaders appeared worried over a growing sentiment among their followers toward accepting the amnesty offer. A positive response would run counter to a recent pronouncement from the CPP Central Committee totally rejecting the amnesty plan.

A military intelligence official said similar disagreements had been monitored among party leaders in Abra and Panay, although they have not issued official statements on the matter.

In its contingency plans, the CVRPC ordered members to formulate plans for:

- A political program that will involve the strengthening of mass bases, sustained politicization and educational drives in the countryside, as well as alliance-building with other organizations sharing common issues.
- An economic program that will focus on socio-economic activities aimed at improving the living conditions of the people, especially in poor areas;

In its assessment, the military viewed the recent CVRPC move as pre-emptive of any adverse effect that the amnesty proposal may have on the masses.

The military claimed party members in Panay and Abra were polarized on the amnesty question, with one group upholding the official position and the other expressing disappointment over the repudiation of the offer.

In Central Visayas, party members including the guerrillas were said to have shown willingness to avail themselves of the offer provided detained CPP-NPA leaders were released. The military said this was the

same line favored by moderate factions in the CPP but which top party leaders have not yet adopted as a course of action.

In a position paper recently published in the *PHILIPPINE LEFT REVIEW*, said to be an internal publication of the Netherlands based National Democratic Front, a moderate party view surfaced favoring a shift from armed operations to legal struggle.

Writing under a nom de guerre, one Rene Ciria Cruz questioned the CPP's continued inclination to the armed struggle when "the party and its organizations have visibly lost political momentum and initiative."

"Insistence on (armed struggle) at this time will only result in isolating the CPP and totally depriving it of legitimacy," the writer said. "It is time to set aside the people's war and adopt a strategy more fitting to the times, that of a protracted legal and parliamentary struggle for genuine sovereignty, democratic reforms, and political power."

Meanwhile, the Philippine Alliance of Human Rights Advocates (PAHRA) urged the Ramos administration to heed its call for "the release of political prisoners within the context of serious negotiations to settle the armed conflict."

Criticizing recent guidelines issued by the Departments of Justice, Interior, and Local Governments, and National Defense, PAHRA said "the pronouncements of President Ramos on government's efforts for peace and reconciliation find little consistency with its actual efforts."

PAHRA said the guidelines:

- Excluded those political prisoners charged or convicted with common crimes.
- Made bail, a citizen's constitutional right, appear to be a privilege.
- Established "another cumbersome bureaucracy."

Indications of Consolidation Noted

HK2408075092 Manila *BUSINESS WORLD*
in English 24 Aug 92 p 14

[By Wilfredo G. Reyes]

[Text] Various Communist Party of the Philippines/ National Democratic Front/New People's Army (CPP/ NDF/NPA) regional committees appear to be consolidating their positions regarding Government's amnesty offer.

There are indications some of the Leftist units have begun defying the orders of exiled CPP chief Jose Ma. Sison.

Northern Mindanao Civil Relations Service (CRS) group commander Maj. Danilo Acosta disclosed that insurgent field commanders in Davao del Sur and South Cotabato have specified three conditions for their acceptance of Government's peace initiatives.

These are the withdrawal of military troops from insurgent strongholds such as the Cordilleras, Samar, and Northern Mindanao; the release of all imprisoned insurgents; and the dismantling of Citizens Armed Forces Geographical Units (CAFGUs) and other civilian volunteer groups.

These are the same conditions earlier demanded by the insurgents' Northern Luzon Commission, the Cordillera Regional Committee, and the NDF Central Visayas Commission.

A defense analyst who had spent some years as a field commander noted that while Government has been releasing a number of detained and captured insurgent leaders, the demands of withdrawing military troops and dismantling the CAFGUs may be problematic. "Militarily and psychologically, the government already enjoys the upper hand," the source said.

"People in the crossfire tell our troops they'll remain loyal to the government only if it deploys permanent detachments to protect them from insurgent harassment... We understand their predicament... withdrawing the troops and dismantling the civilian volunteer groups—not only the CAFGUs—will only deprive them of the protection they themselves are seeking."

Instrumental

It will be recalled that Chief-of-Staff Gen. Lisandro C. Abadia acknowledged that the CAFGUs have been instrumental in denying the insurgents their vital grassroots support since CAFGUs were recruited from and operated within the rebels' communities.

The analyst observed that one piece of evidence of the CAFGUs efficiency is the constant clamor by suspected CPP/NDF legal front organizations for the dismantling of CAFGUs and other civilian volunteer groups.

Maj. Acosta observed on one occasion that insurgent regional commands, in effect, defied Mr Sison's recent directive to Northern Mindanao Regional Committee (NMRC) chief Alfredo Mapano to reject the amnesty offer and any peace negotiation unless the issue is discussed outside the country.

The CPP/NPA Komisyon sa Mindanao (KOMMID) [Mindanao Commission] jumped the gun on Mr Sison's statement on the negotiations and directed its regional committees to intensify attacks against government troops and installations as a show of defiance against Government's peace initiatives.

In this light, Maj. Acosta opined, it was significant that these committees even consider accepting the amnesty offer despite their preconditions.

'Leadership' on NPA Disbandment

HK2508063092 Quezon City ABS-CBN Broadcasting Corporation DZMM in Tagalog 0400 GMT 25 Aug 92

[By Vicky Robles]

[Text] The Communist Party of the Philippines-New People's Army leadership [CPP-NPA] is against the immediate disbandment of its armed component as one of the conditions for the legalization of the CPP-NPA as a political party.

Rafael Baylosis, former CPP official, said they will not easily fall into a trap, and want to see the reforms they seek materialize. He added that the New People's Army plays a major role in the movement's struggle, and stressed that peace talks should first be held before considering the idea of disbanding the NPA in exchange for the repeal of antirsubversion laws and CPP-NPA legalization.

Meanwhile, Senator Raul Roco of the Committee on Constitutional Amendments and Revision of Laws has failed to win the CPP-NPA's firm commitment to the immediate repeal of Republic Act [RA] 1700.

On the other hand, a representative of Task Force Detainees opined that it is to the advantage of the detained CPP-NPA leaders if RA 1700 is not repealed, because should they be convicted of rebellion, penalties under this law are lighter. Members of Task Force Detainees have expressed apprehension that even if RA 1700 is repealed, charges against the rebels under what is termed common crime will still continue.

Tubao Supports Amnesty Offer

HK2608071592 Manila DZXL Radio Mindanao Network in Tagalog 0530 GMT 26 Aug 92

[By Lito Pizaro]

[Text] In an interview at the Baguio City Jail, Norman Tubao alias Comrade Chris, detained vice commander of the Communist Party of the Philippines-New People's Army's [CPP-NPA] Charlie Molitas Cordillera Guerrilla Unit, said he is open to the idea of a cease-fire in the Cordilleras if the military men assigned to the region are withdrawn in order to ensure the peaceful implementation of the government's amnesty program.

According to Tubao, the government, to end its conflict with the CPP-NPA, should resolve the country's economic crisis in order to ensure that their lives will be better [after they take advantage of the amnesty program]. He said that because of the harsh conditions that they face in the mountains and their distance from their loved ones, most of his comrades were already willing to yield. He added that with the government's amnesty program, his colleagues may now come down from the mountains and face a new life.

Here is the call made by Tubao [to his colleagues]:

[Begin Tubao recording] I am calling on my former colleagues in the CPP-NPA's Cordillera Southern Detachment Command, especially on Comrade Teban, Comrade Ruben, Comrade Alex, Comrade Myrna, Comrade Chingoy, Comrade Sulu, and others, to study very carefully the government's cease-fire and amnesty offers for the sake of peace in our country. I would like to inform you and all our comrades in other provinces, [words indistinct] especially those in the Quezon Province. [end recording]

In line with this, Major Ruby Buligado, [Armed Forces of the Philippines] Civil Relations Service Northern Luzon Command group commander, said the doors of the National Reconciliation and Development Program are always open to welcome the rebels returning to the fold of the government.

NPA Ambush Demonstrates 'Disregard' for Talks

HK2508122592 Manila DZXL Radio Mindanao Network in Tagalog 0700 GMT 25 Aug 92

[Text] New People's Army [NPA] rebels further demonstrated their disregard for the ongoing peace talks in Camarines Norte when they ambushed a convoy of Philippine National Police [PNP] peace negotiators, killing two PNP Highway Patrol officials and wounding two civilians.

The report, received by Acting PNP Deputy Director Raul Imperial, identifies the slain Highway Patrol officers as Senior Police Officer [SPO]-3 Wilfredo Abierrra and SPO-2 Freddie de los Reyes. Both were riddled with bullets and died at the site of the incident. The two civilians, Bonifacio Nobleza and Apolonio Nicolas, are in critical condition at the Camarines Norte Provincial Hospital after sustaining bullet wounds to the back and the head respectively.

Abierrra and De Los Reyes were reportedly alighting from Mobile Patrol Car Number 501 on Maharlika Highway, Sitio Cabanbanan, Barangay Anaban, Labo [Camarines Sur] when 30 NPA rebels appeared and opened fired on their convoy.

The two civilians [Nobleza and Nicolas], who were standing on the sidewalk, were the first to be shot, while Abierrra and De Los Reyes were shot when they tried to help the two civilians. Abierrra, although wounded, was able to return to their vehicle and called for reinforcements. Members of the 245th Mobile Force Company, along with a B150 commando tank, immediately responded to Abierrra's call and engaged the communist rebels. The rebels immediately fled the scene when they saw the reinforcements coming, but not before they were able to grab two M-16 armalite rifles, a .45 caliber gun, a Super-38, and two ICOM radios from the victims.

Negotiators Leave for Talks With Rebel Leaders

*HK2608104592 Manila Manila Broadcasting Company
DZRH in Tagalog 0800 GMT 26 Aug 92*

[Text] Two congressmen representing the government at the initial talks with communist leaders based in the Netherlands left today.

Congressmen Jose Yap and Eric Sison, accompanied by Justice Undersecretary Tessie de Castro and some Armed Forces of the Philippines and Philippine National Police personnel, left early today for the Netherlands, where they will meet with National Democratic Front leader Luis Jalandoni and Communist Party of the Philippines leader Jose Maria Sison. This will be the first of a series of peace talks expected to resolve the 25-year insurgency problem.

Congressman Jose Apeng Yap, chairman of the House Committee on Defense, expects Jalandoni and Joma Sison to present their demands and proposals in relation to President Ramos' amnesty program. He does not expect a single round of talks to result in the desired end to the communist movement, but he hopes that this will pave the way for continuing negotiations between the Ramos administration and the leftist rebels to resolve the country's insurgency problem.

Congressman Apeng Yap's group is expected to hold three days of discussions with Jalandoni and Sison, who are expected to have formed a CPP-NDF panel to face the negotiators from the Ramos government.

AFP Intelligence Division Chief Testifies

*HK2508030792 Manila MANILA BULLETIN
in English 25 Aug 92 p 1*

[Text] The Armed Forces of the Philippines (AFP) forecast yesterday that it would break the back of the 23-year-old communist insurgency by the end of 1993.

Brig. Gen. Alfredo Filler, chief of the AFP intelligence division, made the forecast when he testified yesterday morning before the Senate national defense committee headed by Sen. Orlando Mercado.

Filler's testimony contradicted earlier forecasts that the leftist movement would be eliminated before the June 30, 1992, expiration of the six-year tenure of President Aquino.

The AFP top intelligence officer, however, explained that forecasts are being constantly evaluated.

Filler and two others from the intelligence community appeared before the Senate committee to testify on the background and other issues surrounding the issuance by President Ramos of the controversial Administrative Order (AO) No. 2 expanding the role and scope of the National Security Council with retired Gen. Jose Almonte as its director-general.

The two others were retired Brig. Gen. Roman Q. Gavino Jr., director-general of the National Intelligence

Coordinating Agency (NICA), and Brig. Gen. Wilfredo Cruz, head of the newly formed Directorate for Intelligence of the Philippine National Police (PNP).

Sen. Raul Roco estimated that the country's intelligence agencies have a combined budget of half a billion pesos.

Questioned by Sen. Blas Ople, Filler could not categorically say whether the Aquino administration attained a "strategic victory" over the communists for the simple reason, he said, that there is still no approved definition what "strategic victory" or "strategic control" means.

Ople then asked whether former President Aquino and President Ramos, first as AFP chief of staff and later as defense secretary, are not accountable for making a "too optimistic forecast" because there is no definition of "strategic control."

In past appearances before Senate committees, Ramos and Defense Secretary Renato de Villa had testified that the military establishment would crush the insurgency before the term of Mrs. Aquino ended.

Yesterday, Ople estimated that there are 13,000 NPAs [New People's Army] still operating in the Cordilleras, northeastern Mindanao, Samar and Leyte, and some other areas in the country where some 14,000 of the 40,000 barangays are still controlled or influenced by the NPAs.

The senator from Bulacan surmised that former President Corazon Aquino could have been emboldened to announce the imminent demise of the country's insurgency based on faulty assessment by the intelligence community.

It was at this point that Ople said that the NICA could still have files marked "top secret" or "confidential" on persons, including him and Senator Mercado, who opposed the official stand of past administrations on nationalism or on the Communist Party.

Gavino admitted that NICA indeed has a "monstrous problem" of keeping confidential files but assured the senators that he had formed a group, using computers, that would remove unnecessary files.

He said most of these files culled since the 1950s are "one-time" data that have "no business staying or remaining" at NICA although some could have been lost through the years.

Because of the "velocity of events," these files must now be adjudicated, Ople said referring to the end of the Cold War and the collapse of the communist parties in Eastern Europe and in the former Soviet Union.

AFP's Padiernos Comments on Counterinsurgency

*HK2608040092 Manila BUSINESS WORLD
in English 26 Aug 92 p 12*

[By Wilfredo G. Reyes]

[Text] While the government is winning militarily in the insurgency conflict, there remains the possibility its objective of strategic victory would not be reached until 1994.

"We are on the winning side insofar as traditional military considerations are concerned," Armed Forces of the Philippines (AFP) Civil Relations Service (CRS) chief Brig. Gen. Romeo Padiernos said. "But political goals (of counterinsurgency) are not attainable by traditional military means, so I view that by 1993 or 1994, we will break their (CPP/NPA) [Communist Party of the Philippines/New People's Army] backbone."

He backtracked from his statement in a later interview, saying, "There is very little possibility outside (military means) factors will unduly delay our schedule." It will be recalled the AFP leadership had earlier been confident of achieving victory by the end of 1993.

Gen. Padiernos clarified, however, the AFP was "right on track for achieving strategic control by the end of this year." He explained this counterinsurgency stage, as distinguished from strategic victory, aimed to "reduce the capability of the CPP/NPA to undertake tactical action on their own terms."

In a related development, the CRS chief warned CPP/NDF [Communist Party of the Philippines/National Democratic Front] legal front organizations are gearing to conduct "a massive urban-based disinformation drive to discredit and eventually force the disbandment of the Citizens Auxillary Force Geographical Units (Cafgus)."

He specified a defecting officer of the insurgents' Far North Luzon Regional Organizing Committee, named Rafael Tumaliuan, acknowledged the Cafgus severely restricted the insurgent's mobility in the countryside and deprived them of mass support.

Gen. Padiernos added the professionalization of the Cafgus under the supervision of elite army Special Forces advisers minimized the opportunity of leftist organizations to capitalize on human rights abuses. "There is no question some (Cafgu) members may be acting contrary to some government policies," he said. "But we have corrected this by fielding Special Forces to train, indoctrinate and lead the Cafgus."

Due to the current effectiveness of the Cafgu program, Gen. Padiernos said the insurgents' political counterattack, codenamed "Operation Balik Masa" [Operation Back to the Masses], would have "very remote prospects of success." He explained the insurgents shifted too late from a largely tactical military focus to a combined political-military strategy.

"They have nowhere to go back to," he said, noting Cafgu forces were precisely trained to prevent insurgents from returning to their communities.

"They (Cafgu) are indigenous to these communities," he added. They know every inch, every face of the ground, know everyone in their communities...so they can detect reinfiltrating efforts."

Campaign To Discredit CAFGU's 'Slated'

*HK2608135792 Manila Manila Broadcasting Company
DZRH in Tagalog 1100 GMT 26 Aug 92*

[Text] The communist movement is slated to launch a massive disinformation campaign which aims to discredit the Citizen's Armed Forces Geographical Unit [CAFGU]. This was revealed by Rafael Tumaliwan, a communist leader who recently surrendered to the government.

Tumaliwan said the campaign, which his colleagues in the communist movement plan to launch in Metro Manila and in nearby provinces, aims to force the government to dismantle all CAFGU outposts throughout the country. It will be recalled that CAFGU was set up in different parts of the country where the Communist Party of the Philippines-New People's Army [CPP-NPA] was active. The communist movement, according to Tumaliwan, strongly believes that the CAFGU played a large role in the CPP-NPA's marginalization.

Rebel Officer Sentenced to Six Years in Jail

*HK2508023292 Manila DWIZ Voice of the Filipino
People's Radio in Tagalog 2200 GMT 24 Aug 92*

[Text] The Quezon City Regional Trial Court has sentenced former Air Force Lieutenant Colonel Dante Bernarte to a six-year prison term. He was proved to be involved in the 1989 failed coup attempt.

Bernarte was among those who led the attack at Villamor Air Base. He is a member of the Revolutionary Nationalist Alliance.

Order Releases CPP Leader Saturnino Ocampo

*HK2508134392 Hong Kong AFP in English 1216 GMT
25 Aug 92*

[By Cecil Morella]

[Text] Manila, Aug 25 (AFP)—President Fidel Ramos on Tuesday ordered the release from jail of 21 military rebels and communist guerrillas, including two top insurgency leaders, a presidential palace statement said.

Saturnino Ocampo, Romulo Kintanar, and three other members of the Communist Party of the Philippines (CPP) and its armed wing, the New People's Army (NPA), were allowed to post bail and temporary liberty while they undergo trial for rebellion.

At the time of his arrest last year, Kintanar was the alleged head of the NPA, which has been waging a 23-year insurgency. Ocampo is the alleged chairman of the insurgents' front organization, the National Democratic Front (NDF).

Air Force Colonel Oscar Canlas, currently serving a prison term after being convicted of leading a coup

attempt against Ramos' predecessor, Corazon Aquino, in January 1987, and 15 other officers, were also granted "temporary release."

The order followed Ramos' sweeping grant of amnesty to nearly 5,000 communist guerrillas and Moslem secessionists last month.

He has also pledged to grant pardon to certain jailed dissidents and to work for the legalization of the CPP in a comprehensive package aimed at ending the insurgency through a negotiated settlement.

Scores of communist guerrilla leaders and military rebels are currently in jail either serving terms or being tried for rebellion or related offenses.

Ramos said the government would ask the courts handling the cases against the five communist guerrillas to designate "custodians" to those allowed to post bail.

Ocampo's wife Carolina Malay, who served as his fellow negotiator in failed peace talks with the Aquino government in 1986, told AFP that they were expecting the Ramos order.

She said Interior Secretary Rafael Alunan visited her husband last week and hinted at such a move, and that a trial court was expected to render a decision soon on his petition for bail. But she guardedly welcomed the release order.

"We have been urging the government to seriously consider the offer of the NDF to sit down seriously and talk about a negotiated settlement, and certainly it is a most welcome development," she said.

"However, I would caution that there has to be a lot of goodwill and commitment on both sides to be able to surmount very enormous difficulties and come to an agreement," she added.

Recent communiques issued by the CPP leadership have denounced the Ramos peace initiative, saying it would require them to disarm and surrender.

Aquino's peace talks with the communists fell through in early 1987 over rebel demands for power sharing.

The government maintains that the communist insurgency is in irreversible decline, but officials concede that Manila lacks the necessary resources to crush it altogether.

Two policemen and a soldier were slain while two other policemen were wounded and a government militiaman missing in two separate NPA attacks on Sunday [23 August], military spokesmen said Tuesday [25 August].

Sixteen communist insurgents were also arrested in a police raid of their hideout in the southern Philippines, also on Sunday, they added.

Meanwhile, Justice Secretary Franklin Drilon told reporters Tuesday that congress has informed the Ramos

government that in two days it will consolidate all pending bills covering the legalization of the CPP to speed up its passage.

Abadia Says Rebels' Release Based on Trust

HK2608150092 Manila DZXL Radio Mindanao
Network in Tagalog 0700 GMT 26 Aug 92

[Text] The Armed Forces of the Philippines expects that the detained Communist Party of the Philippines [CPP] leaders who are to be temporarily released will not return to the mountains, and that the rightist rebel soldiers will not launch a new coup d'etat.

AFP Chief of Staff General Lisandro Abadia said that the authorities studied the possibility of the detainees resuming their activities before President Ramos approved their release.

Abadia said this decision was based on trust, and, if the government did not trust the rebels, they would not have been released.

Earlier, Defense Secretary Renato de Villa said the government is willing to take the risk in releasing CPP leader Saturnino Ocampo and 16 rebel soldiers, including Captain Danilo Lim and Colonel Oscar Canlas.

The soldiers will be released to their service commanders, while the CPP leaders will be put in the custody of prominent individuals like Senator Wigberto Tanada and Congressman Joker Arroyo.

Communist Leader Ocampo Plans Return to Media

HK2608103792 Manila Manila Broadcasting Company
DZRH in Tagalog 0800 GMT 26 Aug 92

[Text] Saturnino Ocampo, National Democratic Front [NDF] chairman, has expressed joy over President Ramos' decision to temporarily release five officials and 16 members of the Communist Party of the Philippines-New People's Army [CPP-NPA] detained in the different military camps in Metro Manila.

In an interview with DZRH, Ocampo said their release will help prove the government's sincerity in its efforts to achieve genuine national unity. According to Ocampo:

[Begin Ocampo recording] I am still uncertain as to how I should feel. Should I be happy?

It would have been better if their decision had been to free all the political detainees. The NDF earlier requested the release of all political detainees as a prerequisite to the government's proposed peace talks. [end recording]

Ocampo also said that upon his release he plans to return to the media. He plans to continue promulgating his beliefs on the genuine ways to achieve freedom in the country.

[Begin Ocampo recording] I may return to the media if there is someone, just like you, who would be willing to

accept me. But if there is none, there are alternatives. All I can say is that my release does not mean that I am giving up any of the principles that I have stood for in all my years of searching for ways to solve the deep-seated problems of our society. [end recording]

Malacanang Asked To Give Ocampo Government Post

HK2608103992 Manila DZXL Radio Mindanao Network in Tagalog 0700 GMT 26 Aug 92

[Text] Two congressmen have asked Malacanang to give Saturnino Ocampo, the well-known National Democratic Front leader, a worthwhile government post.

Representatives Emigdio Lingad and Emigdio Bondoc of the second and first districts of Pampanga said that the government should use Saturnino Ocampo in the group which will oversee rehabilitation efforts in the areas affected by the Mt. Pinatubo eruption and the lahar in Central Luzon.

Both Congressmen Lingad and Bondoc have agreed that, because Saturnino Ocampo hails from Central Luzon, he can sympathize with the plight of the people there. Both legislators believe that Ocampo's belief in the masses will enable him to do a great deal for the people of Central Luzon.

Meanwhile, Lingad praised Malacanang for releasing several political detainees, saying that this is a positive indication of the government's sincerity in working for peace in the Philippines.

Thailand

New Assertiveness in Ties With U.S. Viewed

BK2608043392 Bangkok THE NATION in English 26 Aug 92 p B1, B12

[By Thitinan Phongsuttirak and Chirawat Na Thalang]

[Text] Thai-American relations seem to be missing a bygone era.

In the 1960s, when the Cold War was at its zenith and communist expansionism rampant, Thai-American commercial ties were subsumed under a vital security treaty.

In the 1990s, with the end of the Cold War and Thailand's traditional threats receding, Thai-American relations are undergoing a sea change, reflecting the primacy of commerce over politics.

Back in the old days when Thai-American security ties were rock solid, commercial links almost invariably gave way to vital security partnership. American trade demands were usually met with unilateral Thai concessions. A host of commercial agreements was created ostensibly to serve both sides, but these were mostly American initiatives.

One such agreement was the 1966 Treaty of Amity and Economic Relations, a business cooperation scheme that allowed seven American services sectors to have 100 per cent ownership in Thailand.

That reciprocal treaty permitted seven American services areas—legal, consulting management, architectural, engineering, computer, advertising, and construction—to bring in such prominent presences as IBM, Esso Standard, and Coca-Cola. At the same time, the treaty provisions allowed subsidiaries of Thailand's Unicord and Siam Cement to be set up in the US.

In the late 1970s, a drastic change in Thai policy brought forth the "Alien Business Law," setting a new limit on foreign ownership at 49 per cent. This presented an investment barrier to foreign firms, except the Americans who were protected under the treaty.

With the new law on foreign ownership, the Treaty of Amity automatically became discriminatory, favoring US firms. Still, it managed to function fairly smoothly.

Recently, however, the treaty has come under closer scrutiny. It became controversial when the US began requesting unilateral demands on trade in services. Of the 11 services areas being demanded by the US, the liberalization of the financial and insurance sectors is confronting stiffest opposition from the Thai side.

After August 7, when the last round of Thai-US trade talks was completed, senior Commerce Ministry officials voiced concerns that the 1966 treaty may have to be abrogated.

The Thai officials stressed that international trade should be conducted under the rules of the General Agreement on Tariffs and Trade, not based on bilateral provisions alone. Although not yet official, the change in the Thai position has been warmly welcomed by the Thai public.

The American trade negotiators, meanwhile, have insisted that the treaty should continue to function because it is immensely beneficial to both sides. For example, American officials cite \$5 billion in total US investment stemming from this treaty. This is not including, the American officials continue, the \$3 billion that could enter Thailand in oil-refinery investment.

However, the same officials did not mention the probable effects the recently-agreed North American Free Trade Area [NAFTA] will have on American investments in Thailand. The lower trade barriers under NAFTA could well divert much of the American investment away from Thailand to Mexico, a NAFTA signatory.

A trade official of the US embassy, who requested anonymity, said if Thailand decides to abolish the treaty, it should also do the same for the Alien Business Law. Otherwise, the treaty can continue to exist under a GATT exemption, when the Uruguay Round ends.

The Thai consideration to cancel the treaty took place under unrelenting American pressure for Thai concessions. During the last few weeks, United States Trade

Representative Carla Hills has been sending her deputies on a regional shuttle to each capital of the Association of Southeast Asian Nations, requesting ASEAN to liberalize their trade in services for American firms.

In addition, a team of US trade experts will be coming to Thailand late this month to ask for increased copyright protection on American products. One particular sticking point has been the American demand on "pipeline protection" on pharmaceutical products, mandating for them retroactive protection according to an agreed time period.

But despite their similar opposition toward the American demands, ASEAN has not been able to muster a common stance. Consequently, each ASEAN member is left to fend for itself.

All this while, the Thai side has vehemently insisted that it has already taken all protection measures according to Thai law. On the other hand, Thai officials now want to review a number of bilateral agreements such as the Multi-Fibre Arrangement, which closely controls the growth of Thai textile exports to the US.

MR Pridiyathon Thewakun, the Deputy Commerce Minister, said recently after meeting the Deputy USTR [US Trade Representative] Michael Moskow that Thailand's position from now on should be assertive.

The comments on the bilateral dispute seem to have emanated only from officials in the Commerce Ministry, which has taken a lead in Thai posturing toward the American demands. This is in contrast to reactions from the Foreign Ministry.

The conflicting signs from the two ministries suggest two contending trends in Thai policy making. The position of the Foreign Ministry has remained wedded to an era when security reigned in a Cold War world. While it is planning to reconsider all treaties with the US, the Foreign Ministry indicates that the Treaty of Amity will stand to symbolize the longstanding Thai-US friendship.

The commerce posture, more bold and assertive, has mirrored Thailand's position in a new world where international commerce seems supreme. A highly ranked official in the Commerce Ministry, who wants to remain anonymous, said that today's situation is starkly different than when we penned the treaty.

"The treaty may have been the best agreement our government could achieve back then, but now is different. The Foreign Ministry should admit that, wherever trade takes place, disputes will arise," the commerce official said.

UNTAC's Charge Against Government Criticized

*BK2608103592 Bangkok THAI RAT in Thai
26 Aug 92 p 3*

[Editorial: "UNTAC Overreacts"]

[Text] Thailand's desire for the unification of Cambodia and restoration of peace and the right to self-determination for the the Cambodian people is no less vigorous than that of any other country in the world, be it a big or small military or economic power. The task of achieving such goals has been continuously carried on by at least three Thai governments.

The joint efforts and actions taken by many countries under the UN coordination have proved highly successful, thus leading to the end of the multifactional civil war in Cambodia. UNTAC [United Nations Transitional Authority in Cambodia] officials have been sent into the country to make preparations for the unification of Cambodia starting from disarming the four Cambodian factions, finding farmland for 300,000 Cambodian refugees from the Thai-Cambodian border for resettlement, and finally organizing a general election.

However, the operation of UNTAC has encountered several obstacles, especially in disarming the four rival factions. The Khmer Rouge has been preventing UNTAC from fulfilling its duty. As a result, UNTAC senior officials, both military and civilian, on several occasions have turned round and accused Thailand of backing the Khmer Rouge's rebellious behavior toward the United Nations.

Frankly speaking, we should no longer tolerate such an accusation, which is intolerable for us, since we have repeatedly declared that Thailand has nothing to do with the Khmer Rouge's mutinous attitude toward UNTAC. It is too simplistic to jump to the conclusion that the Khmer Rouge must have Thai support because the areas under its influence are adjacent to the Thai border. As a matter of fact, Thailand has been consistently suppressing the Khmer bandits who often prey on Thai villagers from the areas believed to be under Khmer Rouge control.

Despite the fact that Thai politics is now in a state of confusion and we are in a crucial period of foundation-building for a democratic system, Thailand is very keen about the unification of the Cambodian nation. UNTAC does not seem to be aware of this fact. In view of the slow progress of the unification of the Cambodian nation, Thai Foreign Minister Asa Sarasin suggested that leaders of the four Khmer factions convene a meeting to tackle their remaining problems since the general election scheduled to take place in next April is drawing near.

We are extremely unhappy with UNTAC because instead of seeking consultations with Thailand to find ways for the Khmer Rouge to honor the UN resolution, it accuses us of backing the Khmer Rouge and blames us for its failure to solve the problem with the Khmer Rouge.

Army Leader Meets UNTAC Commander 25 Aug
BK2608053792 Bangkok BANGKOK POST in English
 26 Aug 92 p 7

[Text] The commander of the United Nations Transitional Authority in Cambodia [UNTAC] John Sanderson yesterday paid a courtesy call by Army Commander-in-Chief Wimon Wongwanit.

The Army chief later told reporters that Lt Gen Sanderson is a long time personal friend and had come to congratulate him on his new appointment.

Gen Wimon said that they discussed Cambodia "a little bit."

He said the Thai Army was ready to lend any type of support for the establishment of peace in Cambodia.

He said that he raised the problem of Khmer bandits preying on Thai villagers with the UNTAC commander.

Gen Wimon said the Army cannot accept its citizens being robbed and would coordinate to pursue the bandits if they strike again at Thai villages.

He also played down any problems between the Thai military and UNTAC, saying that communication and a good understanding exists between the two.

Asked about UN forces' charges that Thai forces and villagers sometimes intrude into Cambodian territory, Gen Wimon said that this will have to be discussed to establish an understanding.

On the charge that Thailand supports the Khmer Rouge, Gen Wimon said that the matter had been resolved recently because Thailand does not give the Khmer Rouge any type of support.

On Thai trade with the Khmer Rouge at the border, he said that the matter was not discussed in detail.

Asked about reports that the recent spate of threats and bomb attacks against pro-democracy figures was being carried out by a Lt-colonel in the Army, Gen Wimon said that he will have to check the facts before taking action against the officer.

Further on Meeting

BK2508143292 Bangkok Army Television Channel 5
 in Thai 1230 GMT 25 Aug 92

[Text] Lieutenant General John Sanderson, military commander of the United Nations Transitional Authority in Cambodia [UNTAC], called upon General Wimon Wongwanit, Army commander in chief, at the Army auditorium this morning. Gen. Wimon reported to newsmen after the meeting that the UNTAC commander offered him congratulations upon taking over as Army chief. They also exchanged views on the peace settlement in Cambodia. Gen. Wimon said the Army is ready to contribute to efforts for peace in Cambodia, and will

cooperate with UNTAC in chasing the armed Khmer bandits robbing Thai border villagers.

[Begin Wimon recording] We told him about the problems we have at present, that is, we have the problems of bandits along the border and weapons smuggling. Those problems will be solved once there is peace in Cambodia. Therefore we fully support the peace settlement. We are coordinating efforts in suppressing the armed Khmer bandits who plunder our villages. We cannot allow that to happen. The Army must take full action to protect our border villages. [end recording]

Report on Economic Health Presented to APEC

BK2608094492 Bangkok Radio Thailand Network
 in English 0000 GMT 26 Aug 92

[Text] A report says that the Thai economy is on a riskier path with the high current account deficit. The report on Thailand's economic trends and issues was presented by Director General of the Department of Economic Affairs, Ministry of Foreign Affairs, Sawanit Khongsiri, at the second meeting of Asia-Pacific Economic Cooperation ad hoc group on economic trends and issues in Tokyo on August 10th to 11th. Recognizing the potential risk concerning the continuation of current account deficits at present levels, the government has aimed to achieve a steady reduction in the deficit over the medium term.

The report says Thailand has concentrated mainly on policies to increase domestic savings, both public and private. It predicts that the Thai economy growth rate will be 7.5 percent this year. Due to the cool-down period of the overheated economy, inflation stands relatively low at the rate of 4.5 percent. Regarding current account deficit, it is envisaged to be a 7.5 to 8 percent of GDP. Thailand's trade deficit will fall to 10.4 percent of GDP.

Government Considers Investing in Subic Area

HK2508031592 Manila THE CHRONICLE in English
 25 Aug 92 p 6

[Text] Thailand is interested in investing in a converted Subic Naval Base, Thai Foreign Minister Asa Sarasin told Foreign Secretary Roberto Romulo yesterday.

The Thai foreign minister made the remark before he and Romulo signed an agreement creating a joint commission for bilateral cooperation, which aims to improve economic relations.

As an effort to improve bilateral ties, President Ramos will also be going to Thailand, the arrangement of which was also discussed by Romulo and his Thai counterpart.

In a statement released by the Department of Foreign Affairs [DFA], Romulo said no specific date for Ramos' visit has been set but that it should take place after his first 100 days in office.

The DFA statement stressed that Thai interest in Subic, now being converted into an economic zone, was reiterated twice by Sarasin, once before and again after the signing of the accord.

In response, Romulo said in meetings with Filipino officials dealing with Thai and Asean affairs that he would include Subic in the itinerary of prospective Thai investors who would join an upcoming trade mission to the Philippines.

Earlier, Singapore and Taiwan were also reported to have expressed investing [as published] in the envisioned Subic economic zone, as Filipino officials pushed for Asian investments in it.

No details on the Thai interest in Subic were given, but Romulo said the joint commission would "activate and revitalize existing agreements and provide the motivating power that will open the door for cooperation in other areas of mutual interests."

Romulo and Sarasin agreed that there existed a need to improve Philippine-Thai cooperation, especially in trade, which has been in Bangkok's favor in the last three months.

Among other subjects discussed were the visit of a Thai trade mission to the Philippines, and the role of the private sector in boosting bilateral trade.

The Philippines and Thailand signed a treaty of friendship in 1949 and a series of other accords, such as those on extradition, agricultural cooperation and air services.

Romulo, who was in Bangkok on the first leg of his courtesy visit to Asean governments, also discussed with Sarasin the coming summit of the heads of state of the Non-aligned Movement [NAM].

Thailand is applying for observer status in the NAM, while the Philippines is due to become a full member along with a third Asean country, Brunei.

Yesterday afternoon, he called on Thai Prime Minister Anan Panyarachun. He and his wife also called on King Phumiphon Adunyadet.

Romulo flies to Jakarta today and Singapore the day after.

Special Forces On Alert Following Bomb Threats

*BK2608052392 Bangkok THE NATION in English
26 Aug 92 p A1*

[Text] Police special forces were put on full alert yesterday to beef up security at major public thoroughfares throughout Bangkok as rumours swept the capital of planned bomb attacks.

Police Director General Sawat Amonwiwat, urging the public to stay calm, said he did not think terrorist attacks were likely.

But as a precaution he had ordered special police security at such possible targets as transport terminals, shopping centres, and universities.

Pol Gen Sawat said he had instructed the Police Department's Special Branch Bureau to closely monitor the situation although it was believed that rumours were started by ill-intentioned people who want to destabilize the government.

"But we cannot afford to be careless over the rumours because of the current divisiveness among the people," Sawat said. "The Police Department has been put on full alert."

The national police chief said the Police Department would have to review its security measures for the Sept 13 general election because of the terrorist rumours.

Special Branch Commissioner Phibun Kunlawanit yesterday urged "newsmongers" to stop spreading the rumours which, he said, were damaging to the country's economic and social development.

Pol Lt Gen Phibun said although it was still not clear who was responsible for the threats of terrorist attacks, he believed military personnel were not involved in the spreading of the rumours.

"Why should [military people] do that? I don't see any reason why they should give warnings about what they intend to do," Pibul said.

"Besides, I am confident that the present army chief is in full control."

Meanwhile, Army Commander in Chief Wimon Wongwanit said yesterday the army was investigating a claim by a senior police officer that close associates of former military leaders had plotted a series of terrorist attacks around Bangkok in an attempt to destabilize the government.

Gen Wimon said the army would take action only after it ascertained that the allegation was based on fact.

"We won't allow [the alleged would-be saboteurs] to get away with it if we get hold of all the facts," Wimon said.

He said it would be unfair to put the blame on any individual military officer without providing sufficient evidence to back up the charge.

But the army chief declined to comment when asked if sabotage was being planned by certain military officers without any prompting from former military leaders.

An anonymous senior police officer was quoted on Monday as saying the would-be saboteurs, led by an army lieutenant colonel, planned to carry out terrorist attacks at major public places, including the airport, bus terminals, railway stations, shopping centres, and universities.

Yesterday, Pol Maj Gen Chaisit Kanchanakit, deputy commissioner of the Metropolitan Police Bureau, told reporters potential targets were Don Muang Airport, the central

railway station at Hua Lampong, the northern, north-eastern, and southern bus terminals, Ma Bunkhrong shopping centre, Central Plaza in Latphrao, Siam Square, and Thammasat and Ramkhamhaeng universities.

Policemen deployed under the special protection programme will carry out surveillance and investigation until the Sept 13 general election or until the situation improves, he said.

Chaisit said plainclothes and uniformed police had been deployed as part of precautionary measures to beef up security in these public places.

The disclosure of potential terrorist targets followed an announcement by the Metropolitan Police that on Monday it began providing special protection for 17 outspoken academics and radio and television journalists.

The special protection programme implemented after the outbreak of terrorist attacks in southern provinces as well as in Bangkok during the past two weeks.

Three people were killed and wounded when a bomb exploded at Hat Yai Railway station on Aug 13.

Authorities accused Muslim separatists of planting the bomb although others linked it to military officers disaffected by the recent purge of military leaders.

In the latest incident, two petrol bombs were hurled into the compound of the house of well-known TV anchorman Choemsak Pinthong of the Mong Tang Mum [Looking from Different Perspectives] political discussion programme last week.

No one was injured in the attack.

A Police Department source said the suspected mastermind of the terrorist was an army lieutenant colonel close to a senior military officer.

He appeared recently on Choemsak's television programme.

Vietnam

Embassy Spokesman Rejects Son Sann Statement

*BK2508154992 Hanoi VNA in English 1533 GMT
25 Aug 92*

[Text] Hanoi VNA August 25 - A spokesman for the Vietnamese Embassy in Cambodia today dismissed as ill-intentioned the slanderous statement made yesterday by KPNLF [Khmer People's National Liberation Front] President Son Sann against Vietnam relating to the land and sea borders between Vietnam and Cambodia.

Mr. Son Sann's slander was included in his speech at a session Phnom Penh of the Supreme National Council (SNC) of Cambodia.

PRC To Help Set Up Economic Zone in Haiphong

*BK2408123392 Hanoi Voice of Vietnam in English
1000 GMT 22 Aug 92*

[Text] China has signed a joint venture contract to help Vietnam set up its first special economic zone. Hainan Global Science and Technology Enterprises based in China's largest SEZ [special economic zone] of Hainan, based in South China Sea, and the people's committee of Haiphong city and the Vietnam Socialist Economic Development Group signed the contract recently. The two sides are to hold an equal stake in the project. Vietnam offered the use of a land site in Haiphong for 50 years as collateral.

Economic Team Visits Laos 11-20 Aug

*BK2208150792 Hanoi VNA in English 1441 GMT
22 Aug 92*

[Text] Hanoi VNA August 22—A team of Vietnamese specialists in finance, planning, trade and banking led by Vice-Minister of Finance Pham Van Trong paid a working visit to Laos from August 11-20.

At their working sessions, Vietnamese and Lao economic specialists discussed among other things questions relating to Vietnam's gratuitous aid to Laos in the past.

The two sides reached unanimity on modalities to settle pending financial problems between the two countries.

Lao Provincial Delegation Visits Quang Tri

*BK2508161192 Hanoi VNA in English 1532 GMT
25 Aug 92*

[Text] Hanoi VNA August 25—A delegation of Khammouane Province of Laos led by In Pong, member of the Lao People's Revolutionary Party Central Committee and mayor of the Khammouane, has paid a visit to the central province of Quang Tri.

Nguyen Duc Hoan, member of the Communist Party of Vietnam Central Committee, secretary of the Quang Tri party committee, and many other provincial officials received and had working sessions with the delegation.

The two sides discussed possibilities of cooperation in exploiting the two provinces' potentials on the basis of mutual interest and assistance.

The Lao guests also called at some economic and cultural establishments in Quang Tri.

Australian Trade Minister, Delegation Arrive

*BK2408151192 Hanoi VNA in English 1416 GMT
24 Aug 92*

[Text] Hanoi VNA August 24—An Australian trade, economic delegation led by John Kerin, minister for trade and overseas development, arrived here this morning for a four-day official visit at the invitation of Le Van Triet, minister of commerce and tourism.

Also today Minister Kerin and his party attended the second annual meeting of the Australia-Vietnam Joint Trade and Economic Cooperation Committee (JTECC).

The committee reviewed the economic, commercial relationship between Vietnam and Australia since its 1st meeting in Canberra in March 1991.

It also proposed measures to further promote the economic and commercial relationship between the two countries in the future.

Meets Vo Van Kiet

*BK2508160592 Hanoi VNA in English 1538 GMT
25 Aug 92*

[Text] Hanoi VNA August 25—Chairman of the Council of Ministers Vo Van Kiet received at the Presidential Palace this afternoon an Australian trade and economic delegation led by John Kerin, minister for trade and overseas development, which is here for the second annual meeting of the Australia-Vietnam Joint Trade and Economic Cooperation Committee (JTECC).

Vietnam's Minister of Trade and Tourism Le Van Triet and Australian Ambassador to Vietnam Michael Potts were present at the reception.

Chairman Vo Van Kiet said he was pleased at the fine development of the friendship and cooperation between the two countries since the 1st meeting of the JTECC held in Canberra March last year.

The two-way trade value in 1991 was greater than that in 1990, and in 1992 it is expected to double the 1990 figure, he said. These achievements, he said, will serve a basis for further development of the effective cooperation in the economic, trade, investment and cultural fields between the two countries. On behalf of the Vietnamese Government and people he thanked the Australian Government and people for their assistance in many fields, especially Australia's recent resumption of aid to Vietnam.

For his part Minister John Kerin said that Australia would try its best to cooperate with and assist Vietnam so that the latter would be developed and be prosperous. He said that Australia would continue to study major investment projects in Vietnam, first of all exploration of oil on the continental shelf of Vietnam. The Australian Government, he said, also created durable conditions for Australian businessmen to make investment in Vietnam.

Asks for Probe of Rights Violations

*BK2608060892 Melbourne Radio Australia in English
0500 GMT 26 Aug 92*

[Text] Australia's trade minister, John Kerin, has asked Vietnam's foreign minister to investigate alleged human rights violations by Vietnamese authorities.

Mr. Kerin, who is in Vietnam for five days leading a trade delegation, has given Vietnam's foreign minister,

Nguyen Manh Cam, the names of eight monks believed by Amnesty International to be held unjustly in Vietnamese prisons. From Hanoi, Sue Downie reports:

[Begin Downie recording] At the ASEAN ministerial conference in Manila in July, Foreign Minister Gareth Evans gave Mr. Manh Cam the names of 14 detainees listed in Amnesty's April report on Vietnamese prisons. The Vietnamese authorities have not yet replied to Senator Evans' request for information on the 14, several of whom have friends or relatives living in Australia.

In the interim, Mr. Kerin has presented Foreign Minister Cam with the second list and also requested information on their whereabouts and current situation. The Vietnamese are expected to reply to at least the first, and possibly the second request by the end of October. [end recording]

Signs Business Cooperation Agreement

*BK2608071892 Hanoi VNA in English 0706 GMT
26 Aug 92*

[Text] Hanoi VNA August 26—An agreement on the setting up of the Vietnam-Australia Business Council was signed here yesterday by the Vietnam Chamber of Commerce and Industry, and the Confederation of Australian Industry.

Mr. Mai Liem Truc, vice director general of the Vietnam Corporation of Post and Telecommunications is chairman of the council, and Mr. Bernard H. Trevanion of the Confederation of Australian Industry is executive director.

Present at the signing ceremony were Nguyen Quang Quynh, vice minister of commerce and tourism, Mr. John Kerin, Australian minister for trade and overseas development, and Australian Ambassador Michael John Potts.

Under the agreement, the council will create favourable conditions for the exchange of economic informations between Vietnam and Australia, and help Australian and Vietnamese businessmen promote their cooperation and joint venture in investment and commerce.

French Cultural Group Arrives for Visit 22 Aug

*BK2308153592 Hanoi VNA in English 1522 GMT
23 Aug 92*

[Text] Hanoi VNA August 23—Mrs Catherine Tasca, minister of state in charge of the community of French-speaking countries and cultural relations with foreign countries, and her party, arrived here on August 22 for an official visit to Vietnam.

Shortly after her arrival, Foreign Minister Nguyen Manh Cam held talks with her.

The two sides noted with satisfaction that of late the friendship and cooperation between the two countries have made noticeable progress. They discussed measures aimed at furthering this cooperation in the fields of culture, science and technology, education and training and teaching of French in Vietnam as well as cooperation between the two

foreign ministries. Nguyen Manh Cam informed Mrs Tasca of Vietnam's activities in the community of French-speaking countries, welcomed the decision of the general assembly of the Agency of Cultural and Technical Cooperation (ACCT) to open a regional office in Southeast Asia (and) the Pacific in January 1994 and the decision of the association of partly or fully French-speaking universities to open a regional office in Hanoi and a branch in Ho Chi Minh City.

He assured the French minister of Vietnam's attachment to the francophone community saying that Vietnam will take an active part in the work of the community offices. Mrs Tasca reiterated France's support for the activities of Vietnam in the French-speaking community.

Meets Vo Van Kiet

*BK2408144392 Hanoi VNA in English 1445 GMT
24 Aug 92*

[Text] Hanoi VNA August 2—Chairman of the Council of Ministers Vo Van Kiet received here yesterday Mrs. Catherine Tasca, French secretary of state in charge of the French-speaking communities and relations with foreign countries, and her party, who are on a current visit to Vietnam at the invitation of Foreign Minister Nguyen Manh Cam.

Also present were Deputy Foreign Minister Le Mai and Vice Chairman of the Vietnam State Committee for Sciences Nguyen Ngoc Tran.

Mrs. Tasca highly appreciated the Vietnamese Government's concern to the France-Vietnamese cooperation projects in the fields of culture, education, science and technology.

She also affirmed that the French Government would continue its cooperation in the fields Vietnam is interested in and it would try to increase its finance for these fields.

Mrs. Tasca voiced French commitment to continue support and assistance to Vietnam in various fields, especially in activities in the framework of the French-speaking communities.

Chairman Vo Van Kiet noted with satisfaction over the great steps of development in the friendship and cooperation between France and Vietnam.

The chairman expressed his hope that the two sides would join in accelerating economic cooperation parallel with cultural one, and that France would cooperate and assist Vietnam to restore and repair the ancient royal capital of Hue, a cultural relic of Vietnam.

He thanked France for its assistance to Vietnam in the recent past, and asked it to continue its assistance to Vietnam in improving its relationship with international financial and monetary organizations, and developing its relationship with the countries in the European Community and in the French-speaking communities.

Chairman Kiet highly valued France's active contributions to consolidating and expanding the French-speaking communities.

He once more affirmed Vietnam's adherence to the communities, as well as its efforts to step up their activities.

A press conference was held here this evening by Mrs. Catherine Tasca to introduce the initial results of the Vietnam visit by the French cultural delegation.

State Allots Funds for Family Planning Activities

*BK2608074292 Hanoi VNA in English 0613 GMT
26 Aug 92*

[Text] Hanoi VNA August 26.—This year, the state has earmarked 40 billion dong for the Population and Family Planning Programme (PFPP), including 15 billion for family planning, 12 billion for statistic and information services, and 13 billion for building infrastructure. All cities and provinces have allocated 1-1.5 percent of their budget for the programme.

The National Committee for PFPP announced at a recent conference to review its work for the first half of this year that the aim is to reduce this year's birth rate to 2.93 percent from 2.99 percent in 1991.

To achieve this, it is necessary to raise the percentage of couples who accept the use of contraceptives from 43.4 percent in 1991 to 45.9 percent in 1992.

This year, population education will be introduced into the curriculum of higher education institutions and vocational schools as an official subject.

According to a recent census, the mortality rate of children in Vietnam is 4.6 percent, ranking 99th among 160 countries in the world.

Reducing this rate involves protecting mother's health in pregnancy, ensuring family planning and a nutritious diet, and immunising children against the six killer diseases.

At the same time, the health service is carrying out a programme to train medical workers, for protection of mothers' health and family planning at different levels in the country.

Fiji

Labour Party Threatens To Oust Prime Minister

BK2308091192 Hong Kong AFP in English
0637 GMT 23 Aug 92

[Text] Suva, Aug 23 (AFP)—The three-month honeymoon between Fiji Prime Minister Sitiveni Rabuka and the opposition Labour Party appeared to be at an end at (the) weekend.

Labour leader Mahendra Chaudhry warned Rabuka on Saturday to carry out immediately his promised review of the racially discriminatory constitution.

Chaudhry said continued support for Rabuka as prime minister was dependent on his fulfilling promises made in return for Labour's backing his leadership bid following the June election, the first since Rabuka's military coup in 1987.

Withdrawal of support from Labour's 13 seats, one of the two Indian political parties in the racially divided 70-seat parliament, could see Rabuka lose a vote of confidence.

"If Major General Sitiveni Rabuka wants to play games, we also know how to play it," Chaudhry told the DAILY POST newspaper.

Rabuka had promised that talks would be held soon with all political parties on the mechanism for a review of the constitution, which has been criticised for discriminating against ethnic Indians in favour of indigenous Fijians.

"Labour wants to see that during the next session of parliament, some concrete steps ... towards the review," Chaudhry said.

Parliament resumes September 24.

"The agreement between Labour and Rabuka had stipulated immediate review—fulfillment of that agreement is what Labour wants now," Chaudhry said.

It was Labour's support for him as prime minister that tipped the balance in Rabuka's favour as President Ratu Sir Penaia Ganilau deliberated on which candidate could command the confidence of the majority of parliament.

In return for that support, Rabuka promised to scrap a value added tax and labour reform laws, grant security of land tenure to Indian farmers and review the constitution.

Rabuka reneged on the tax, which was introduced July 1, but most of the labour laws are expected to be repealed soon.

"It is crucial that Rabuka prove that he is a man of his word if he is to have any credibility in Fiji or in the international community," Chaudhry said.

Rabuka Downplays Call for Constitutional Reform

BK2508113592 Hong Kong AFP in English 1118 GMT
25 Aug 92

[Text] Suva, Aug 25 (AFP) - Prime Minister Sitiveni Rabuka on Tuesday gave his clearest indication yet that the majority Fijian representation in parliament will not be reduced under a constitutional review.

In a statement that clearly shows the three-month "honeymoon" between Rabuka and the Fiji Labour Party has ended, the prime minister described a weekend demand by Labour leader Mahendra Chaudhry for the review as "a puff of hot air."

Chaudhry had warned that continued Labour support for Rabuka as prime minister was dependent on the review.

His statement followed Rabuka's criticism of Labour for inviting to Fiji former Australian politician Don Dunstan, who has described Fiji's Constitution as racist and undemocratic.

Political analysts here interpret Rabuka's statement as proof that he believes he now has enough support to survive in power without the support of the Labour Party.

Labour's support was key to Rabuka's winning of the prime ministership.

In return, he had promised a constitutional review, security of land tenure for Indian farmers after leases ran out in 1996-97, and the scrapping of the controversial value added tax (VAT) and labour reforms.

The mechanism for a constitutional review is expected to be discussed in the September session of parliament and VAT will not be scrapped, but the government has indicated that most changes to labour laws will be repealed.

Rabuka said while Chaudhry was issuing threats about the constitutional review he was "obviously bent on the diminution of the indigenous Fijian majority representation in parliament."

"He should also realise that it is the same indigenous Fijians who own the land—not the state or the government—for which he and his party are seeking an extension of leases."

Fijians hold 37 of the parliamentary seats, Indians have 27 and six are held by smaller parties.

Rabuka said he was surprised by Chaudhry's "unnecessary rush" as the government was committed to a review and the new constitution provides for one within the next five years.

"Any warning directed to me is also directed to the Fijian people and the Great Council of Chiefs," Rabuka said.

Chaudhry told AFP he had seen Rabuka's statement and would issue a statement Wednesday.

New Zealand**Defense Ties With Fiji Likely To Resume**

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1107 GMT 24 Aug 92*

[Text] Wellington, Aug 24 (AFP)—New Zealand was likely to resume its defence ties with Fiji severed following a military coup in 1987, Prime Minister Jim Bolger said Monday.

Details would be finalised later this week when Fiji's Foreign Minister Filipe Bole, visits Wellington.

Bolger said Bole had been invited here so details could be worked out.

"Certainly the intention is to restore normal relations between New Zealand and Fiji on defence matters," Bolger told a post-cabinet press conference.

He said resumed ties could mean Fijian soldiers again being trained here.

"The general tenor is to get our relationship back to a more normal basis," he said. Defence agreements which included troop training exchanges were broken off after the 1987 military coups in Fiji. Since elections earlier this year in Fiji, ministerial contact and visits have resumed.